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Albania: Zhulali Signs Defense Cooperation Accord With France

AU1505200796 Tirana ATA in English
1940 GMT 14 May 96

[FBIS Transcribed Text] Tirana, May 14 (ATA)—Albanian Defence Minister Safet Zhulali returned to Albania after a three-day visit to France where he met his counterpart Charles Millon and other high ranking officials and signed an agreement on defence cooperation between Albania and France.

The agreement will institutionalise the bilateral relations and will further boost military cooperation.

Zhulali and his delegation visited France upon invitation of French Defence Minister Millon and held official talks with him.

Zhulali sent President Berisha's greeting to President Chirac and highly estimated the relations with France thanking the support France had offered to Albania and Albania's integration processes and its Democratic Government efforts to realise a Western style democracy.

He also focused on the deep reform the Albanian Army is undergoing, relations with neighbouring countries, NATO widening, the situation in the Balkans and Dayton peace agreement.

Millon sent President Chirac's greetings for President Berisha and highly estimated the achievements of the Albanian Army reformation and the importance of further widening of military cooperation between the two armies.

Expressing his thanks for the Albanian contribution in establishment of peace and stability in the region, he stressed that it is very important for Albania to get its own place in Balkan. He assured Zhulali of a continuous support of the French Government in the future for democracy and democratic governing in Albania.

About Kosova issue, Millon said that France would positively think of an autonomous status of Kosova and that it is for the independence of the countries especially of those having an ethnicity, language and culture.

Albania: Over 400 Foreign Observers To Monitor Elections

AU1505182096 Tirana ATA in English
1203 GMT 14 May 96

[FBIS Transcribed Text] Tirana, May 14 (ATA)—Over 400 foreign observers are expected to come to Albania for the May 26 elections. They are invited by Albanian political subjects and similar institutions, the newspaper REPUBLIKA reports today.

The U.S. Democratic Institute will send 10 observers to these elections. They will observe technical and administrative aspects of implementing the elections law. Many other U.S. and European institutions specialised in this field have also confirmed their participation as observers in the elections, the newspaper says.

The Central Elections Commission recently approved the status of the observers to attend the elections.

Albania: Cabinet Approves Provisions on Campaign Funding

AU1505180196 Tirana ATA in English
1745 GMT 13 May 96

[FBIS Transcribed Text] Tirana, May 13 (ATA)—Albanian Council of Ministers in today's meeting headed by Prime Minister Aleksander Meksi approved provisions on financement of political parties in electoral campaign and payment of voting commission members.

A draft law on defence of tobacco production and trading was approved together with a project of Vlore substation of 220 kilowatt and its respective line Vlore-Fier previously estimated $12 million. Negotiations with European Bank of Investments will start soon to realise this project.

A decision was taken to reevaluate the basic capital of banks of second level according to Council of Minister's criteria.

National Committee of Energy was authorised to sign the protocol of understanding with Tenneco Energy Europe INC company on Albanian natural gas.

Albania: Democratic Party Publishes Electoral Program

AU1505153396 Tirana ATA in English
1320 GMT 15 May 96

["Electoral Program of Democratic Party"—ATA headline]

[FBIS Transcribed Text] Tirana, May 14 (ATA)—The daily RILINDJA DEMOKRATIKE carries the full text of the Electoral Program of the Democratic Party of Albania [PD] which says among others that the PD after toppling through a free vote the most savage communist dictatorship in Europe on March 22 managed to replace the laws and institutions of the one-party dictatorship state with laws and institutions of a rule of law. It threw off the deep isolation and established fruitful friendships and cooperation with Western countries and integrated Albania into Euro Atlantic institutions, the program said.

The program stressed the successes achieved in the economic field in the last four years of the PD and its government rule adding that the major goal of the economic program for 1996-2000 will be rapid uplift of individual welfare and fast growth of the country's economy. To carry out this goal, the PD will consolidate the macro economic and Lek (local currency) stability, reduce inflation to one digit namely to 6 per cent, stabilise prices through inflation control, credit policy and investment increase in the private sector of the economy.

It underlined that the ongoing high rates of the GPD will secure an increase of real annual income at $770 per capita.

"Until 2000, PD guarantees a several time increase of the income per capita," the program said.

It said that the full privatisation of economy through vouchers is considered the main direction to transform the economic-social system, turn all Albanians into owners or shareholders of the national ownership and effectively use the resources and assets of the country. After saying that the PD is a party of private ownership, farmers, businessmen and small entrepreneurs, the program pointed out the aims of the party for the next four years.

"During the next four years, it aims at increasing several times the investments from the budget and especially the investments from financial resources of the international institutions and friendly countries in this sector," the program said.

The PD electoral program said that during the next two years we have secured some $2 billion for infrastructure investments from aid and credits of financial institutions and friendly countries, various foundations and state budget. It said that the largest part of the state budget allocated for investments will be used to set up and improve infrastructure, roads, water and energy supply, telecommunication. The program stressed that the Bushat, Banje, and Kalivac hydro power stations will be constructed, highways and Tirana-Durres, Tirana-Shkoder, Tirana-Kakavije, and Tirana-Kapshtice road widening will be completed.

"Some $250 million have been allocated for the extension of the ports of Durres, Vlore, Shengjin, and Sarande, Rinas airport and local airports in Vlore, Sarande, and other districts during the next four years," the program said.

The election program said that "the PD commits itself to give priority to education, to increase considerably the industrial production, develop an appropriate infrastructure for transport in order to support economic fast development rates and develop trade through further liberalization of Albanian trade in relation to the world market.

"Tourism will record a high development based on long term plans and foreign and domestic investments," it said.

The program said that PD will work to restructure and carry out the European most advanced experience for fast increasingly rates for the agricultural and food production in general and income per capita of the farmers.

Underlining that PD not only toppled the most savage communist dictatorship in Europe but also guaranteed the freedom and human rights in compliance with the Charter of Freedom and Human Rights, the program said that "Albania has today the highest number per capita of the private newspapers because it is the country of freedom and full respect of religious faith and tolerance. It has one of the most liberal standards for a free movement of people and its economy in general is based on free initiative of the individual." It defined the working out of a new draft constitution, completion of existing laws, approval of Law on Organisation of Justice, Court, Prosecutor's Office and Supreme Court of Justice, as the major goal of the PD in cooperation with experts of the Council of Europe. This also includes a rigorously observance of the PD approved laws, which have been considered necessary for the institution of a rule of law in Albania. The program said that "the PD commits itself to sign the European Convention for the Human Rights in the future and respect and defend the modern concept for the state organisation, based on the principle of power division and will also try to establish an independent judiciary. It commits itself to maintain law and order and guarantee safe life for all Albanians."

Focusing on the defence field, the program underlined that the PD's major objective is to prepare the Albanian Army for NATO integration meeting the fundamental conditions for membership.

"Active participation in Partnership for Peace and in its planning process as well as military cooperation with them will be a transition phase to membership," it said.

The program said that the PD considers the deed of the veterans, war invalids and martyrs of the Albanian nation as well as their antifascist war as one of the brilliant leaves of our history.

"The PD condemns Enver Hoxha's attitude towards the fighters for freedom even after the war. Hundreds and thousands of them have been pursued, prosecuted for their political, anticommunist and anti dictatorial convictions. The PD pledges to fully observe the laws for the status of veterans and war invalids and completion of these laws in conformity with new demands," the PD electoral program said.

The program considers Albania's integration in Europe and solving of the national issue major goals of the PD foreign policy. It said that PD after toppling through a free vote the most savage communist dictatorship in Europe on March 22, 1992 managed to throw off the deep isolation and self-oblivion and overcome their consequences. It also realized Albania's integration in compliance with its genuine Western vocation in Euro Atlantic institutions, establishment of friendship and close cooperation with traditional friends, Germany, the United States, and EU member states such as Germany, Italy, France, Great Britain, Austria and other countries, development of friendly cooperation with neighbour countries such as Italy, Greece and Turkey, turning the country into an important factor of peace and stability, defence of freedom and human rights of Albanians wherever they are and internationalization of national issue.

The program said that "the PD defines as its major goals of its foreign policy in the next four years the consolidation of Western European vocation calling it a natural axis and guide of Albania's foreign policy, Albania's integration in Euro Atlantic institutions such as EU, NATO, WEU, signing of an association agreement with the European Union (EU), regional cooperation with a clear Western orientation, implementation of friendly treaties signed with friendly countries. The Democratic Party believes that friendly and cooperation treaties and political statements signed in the last four years with Germany, Italy, France, Greece, Turkey, Romania, Hungary, Croatia, and Slovenia are a historical achievement of Albania and Albanians. [no closing quotation mark as received]

The Democratic Party will continue to support freedom, national and human rights of Albanians in Kosova and wherever they are in conformity with international acts and agreements.

In the next four years, the PD will intensify bilateral friendly cooperation and dialogue with EU major countries such as Germany, Italy, France, Great Britain, and Austria. It will open its diplomatic representative offices in EU member countries where they are not yet opened. Relations with the United States are and will be a priority of the PD policy.

Albania is determined to boost cooperation, friendly links and regional dialogue in the context of the Central European Initiative. It considered the Balkan and Mediterranean cooperation as an important factor for the consolidation of a Western orientation and its full integration into Europe. In this context the PD holds that Albania's borders should be borders of friendship and cooperation with neighbours.

Albania has long-century and various links with these countries and people. The PD finds its contribution for peace and stability and country's integration into Europe in the friendship and cooperation with these countries in general and Italy and Greece as EU member states and Albania's major partners in particular.

The PD considers friendly relations with Bosnia and Herzegovina and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] relations of a promising future. It holds that Macedonia's stability and good neighborliness with it are important factors for peace and stability in the region but stresses that this stability urges a full respect of freedom and human rights of Albanians in this republic.

This party pledges that through its foreign policy it will be a constant supporter to a solution to the Kosova issue and human rights of Albanians wherever they are. In the last four years PD managed to internationalize this major problem. It believes that the Kosova issue is a key issue without the solution of which there will be no peace and security in the Balkans. It is not an Albanian issue but a regional major problem which should be solved through a dialogue between Prishtina and Belgrade under the auspices of a third party.

Albania: PD Leader Shehu Meets Voters in Bulqize, Librazhd

AU1505154796 Tirana ATA in English
1836 GMT 12 May 96

[Report by A. Sakja]

[FBIS Transcribed Text] Tirana, May 12 (ATA)—The Democratic Party [PD] does not promise miracles, but we all together on the basis of our work and the sacred principle of ownership will construct this country according to the European visions of PD, said Tritan Shehu, PD leader, in Bulqize yesterday.

The electoral meetings of the democratic leader were held in the zones of Bulqize and Librazhd, where the PD will have as candidates for deputy Safet Zhulali, defence minister; Azem Hajdari, chairman of the Parliamentary Commission of Defence, Public Order, and ShIK [National Information Service]; Tomorr Malasi, parliament deputy speaker; and Rushan Kocibelli.

Addressing inhabitants of Bulqize, a rich mining region, but discriminated by the dictatorship, Shehu pointed out that PD has in its program the development of mines, in which people can work for themselves with dignity and security. Cooperation with Germany will make Bulqize a European centre and a multimillion investment will triple the number of workers there.

"Albania," said Shehu, "enjoys full support of Europe which is expecting the victory of PD. Let us not disillusion Europe," he said to the electorate.

Albania: Berisha Urges Greek Minority To Vote for PD

AU1505165196 Tirana ATA in English 1042 GMT 13 May 96

[Report by A. Keko, Sh. Hajno]

[FBIS Transcribed Text] Gjirokaster, May 13 (ATA)—President of Albania Sali Berisha had a meeting with inhabitants of the city of Gjirokaster.

Berisha hailed the people of this city with traditions for the great support for the Democratic Party [PD] since the first days of its founding. "To construct a real democracy with the values of the market in a country which has had the savagest dictatorship in the world is very beneficial for us," said Berisha. "I appeal to you, Gjirokaster people, who are characterized by a great respect for one another, you, inhabitants of the minority to follow our program which is an expression of the respect for the human rights and freedom," he said, assuring the Greek minority people that the program of the Democratic Party is the best as regards human rights. "I call on them not to be deceived by those who are ready to trample underfoot the sacrifices of the minority, I appeal to them not to be deceived by the red front, but to vote for the Democratic Party because it is their party, the party of all the Albanians," said Berisha.

"We, who were the last to sign the Copenhagen Charter are among the states who have respected and will respect its criteria to the letter," said Berisha. "During the past four years," he said further on, "we gave Albania the direction that our ancestors gave to it, its natural Western direction. For this reason Europe loves Albania, it does not like Albanian socialists who have boasted of the victory of Zyuganov, they want to give the country a political setback, to displace it again towards the East."

By stigmatizing the isolationist policy followed by the communist regime in Albania, Berisha concentrated on the efforts of the democratic government to consolidate the relations of Albania with the neighbouring countries and its integration in Europe. Considering the red front as a group of terrorists, Berisha said that it has no future, it belongs to the blackest past of our national history.

Mentioning the treaties of friendship signed with various countries, Berisha said that they are an historical achievement for Albania and the Albanians for integration and cooperation in the region and everywhere.

President Berisha hailed the statement of Greek Prime Minister Simitis, stressing his guarantee that "the Treaty of Friendship and Cooperation will not only be applied but also promoted through concrete acts, it will always be a brilliant act in the history and in the relations between the two friendly countries." "I guarantee my friends that they will have in Albania the same will and resolution to the benefit of the two countries, for the future of the two peoples and for the importance of these relations in the Balkans," said Berisha.

Later he presented two candidates for deputy of the Democratic Party in two electoral zones of Gjirokaster, Fatos Beja and Sadik Bejko.

Albania: Berisha Holds Election Rallies in Sarande

AU1505175896 Tirana ATA in English 1007 GMT 14 May 96

[Report by A. Keko, Sh. Hajno]

[FBIS Transcribed Text] Tirana, May 13 (ATA)—Albanian President Sali Berisha visited the Sarande district yesterday after meetings in Gjirokaster. He met inhabitants of Konispol, Xare, Livadhja, Finiq, Delvine, Bistrice, and Sarande.

Berisha devoted special attention to understanding and harmony existing between Albanians and minority people in these areas.

On this occasion he also mentioned the signing of the agreement of friendship and cooperation between Albania and Greece which will serve the further strengthening of relations between the two countries and understanding in the region.

"Before the two presidents officially materialise this friendship, Albanians and the minority people have made this a reality through their love and harmony," Berisha said.

Albania: Meksi, Candidate Brief Voters on PD 'Political Line'

AU1505175996 Tirana ATA in English 1839 GMT 13 May 96

[Report by A. Sakja]

[FBIS Transcribed Text] Tirana, May 13 (ATA)—The inhabitants of two quarters in the capital who belong to Constituency 49 welcomed Prof. Ylli Vejsiu, Democratic Party [PD] candidate in this constituency, in the meeting held on Sunday afternoon.

Vejsiu held this massive meeting at the "Bajram Curri" school yard, after a series of separate meetings with individuals and families during the last days.

Premier Aleksander Meksi, who accompanied him at the meeting, presented the main lines of the PD programme, stressing the preservation of the high economic growth rates to guarantee welfare, radical improvement of the consumed infrastructure, consolidation of social policy, strengthening of the democratic institutions set up over the last four years, and massive and qualitative education.

Vejsiu assured the participants that he would be an untiring transmitter of the social problems of his constituency as regards administration. He said he would also be a firm politician in defence of the PD political line and its programme.

Albania: PS Presents Candidate in Tirana Constituency

AU1505161096 Tirana ATA in English 1912 GMT 12 May 96

[FBIS Transcribed Text] Tirana, May 12 (ATA)—Socialist Party [PS] presented before Democratic Party [PD] members and sympathizers in the 53 candidacy in Tirana the candidate for deputy Nesto Gjata, a teacher.

"PS program responds the interests of ordinary people, that's why we have gathered here today," said PS Deputy Chairman Servet Pellumbi to those present in the meeting.

Whereas the other PS deputy chairman Namik Dokle said: "You have gathered in this meeting out of hatred for those who have deceived you, those who have stolen you."

"Everything must be started from the beginning," said Dokle, referring to the process of privatization carried out by PD.

"We shall make Albania with constitution," said Dokle.

PS has voted against the constitution several times and against its approval by referendum.

According to Dokle, along with leftwing parties, also serious rightwing parties are demanding in Albania a serious government as PS claims, "although he did not spare to call the representative of the Union for the Republic Party of France, Michele Pericard, "a clown." [quotation marks as received]

Pericard has appealed to Albanians to vote for democracy. PS Chairman Fatos Nano is jailed by Albanian courts for abuse of emergent aid by the Italian Government.

Albania: AD Protests Intelligence Service 'Provocations'

AU1505161396 Tirana POLI I QENDRES in Albanian 15 May 96 p 1

[Statement by the Democratic Alliance issued in Tirana on 14 May: "Stop the Provocations of the National Intelligence Service"]

[FBIS Translated Text] The Democratic Alliance [AD] expresses its deep indignation at the unprecedented behavior of certain sections of the National Intelligence Service [ShIK].

On Monday [13 May], Mr. Neritan Ceka, president of the AD, and Mr. Idriz Basha, a member of the party's presidency who had come to hold a prearranged meeting at Novosej in Kukes District to present the party's candidate for deputy Vladimir Vata, were confronted by a serious provocation devised by collaborators with the former Sigurimi, now recruited into the ShIK. These people seriously insulted Mr. Basha in the most disgraceful fashion, calling him a communist and an enemy of Berisha, and disrupted the meeting.

This group represents the most destructive elements among the inhabitants of this area. They served the former Sigurimi with the most intense devotion, eveb denouncing members of their own families.

We remind these bandits, who have seized Mr. Basha's land at Novosej, that while Mr. Basha was issuing an open challenge to Albanian communism and their idol of yesterday, Enver Hoxha, their idol of today, President Berisha, was loyally serving the Politburo and his Albanian Workers Party.

The members of this band must be assured that after 26 May they will be held accountable for all their outrages and acts of banditry.

ShIK-style putsches, the purpose of which is to set citizens at each other's throats, will meet the same end as the scenario devised against Ceka years ago.

Albania: AD Leaders Assaulted by 'Wild People' Outside Divjake

AU1605095696 Tirana KOHA JONE in Albanian 16 May 96 p 3

[Article by L. Skiroi: "Berisha's Bands Wage Terror"]

[FBIS Translated Text] About 2,000 people gathered at Divjake near Lushnje yesterday afternoon to wait for the election meeting organized by the Democratic Alliance [AD]. AD President Neritan Ceka, Idriz Basha, and Frrok Cupi, after an affectionate send-off by the inhabitants of the village of Cerme-Shkumbin, set out for Divjake. At 1850 [1650 GMT] at the bridge of Sulzotaj, 3 or 4 km before the entrance to the village, a group of people appeared with a truck placed diagonally across the road. There were also several cars with license plates obscured by mud. The license plate number of only one car, VL3994A, was easily legible. As soon as the AD leaders came close, about 10 or 12 people with wild faces and popping eyes, howling "Sali Berisha! Sali Berisha!" and waving their fingers in victory salutes, appeared in front of the two cars and stopped them. Their features were appalling, and their behavior induced terror. They forced open the car doors and ransacked the interiors. They stole the camera of one of the drivers, threw out the rags for cleaning the cars, and seized the AD's posters, which they ripped up and even tore with their terrifying teeth. They seemed to enjoy biting off the heads of the men of December [1990] on the posters. They threw stones and mud at the car windows and bodywork. They kicked the doors and the headlights. Spitting in rage, they physically assaulted the AD representatives, hysterically shouting "Weapons! Weapons! Weapons!" They searched the AD members for weapons, although they had no permits and were in plain clothes. "Get back! Get back! We will kill you here. Only Sali Berisha passes through here!" they shouted.

These wild people punched Enea Janko, the candidate for the constituency of Divjake, and POLI I QENDRES journalist A. Hasani. "Get back, get back!" they shouted. The AD representatives turned back, leaving thousands of their supporters waiting for them but averting a bloody incident between the criminals and the peasants.

The peasants of the village of Cerme-Shkumbin, who had just seen the AD members off, had gathered in alarm at what had happened 2 km away. Some had reached for scythes or other weapons against the criminals. However, Mr. Ceka issued an appeal for calm. The village knew all these "tough guys," who now became as timid as chickens. None of them were local people, the peasants said. Most of the band were of Kosovar origin, had seized plots of land, and were "defending" Berisha. They included Fatmir Mirovski, the local operational police chief; Fatmir Cullhai, a policeman of Kosovar origin; the policeman Gezim Noreci; and Sabah Skenderi, an officer in the criminal police from Permet. Sabah Skenderi was traveling in a Mercedes without license plates together with some National Intelligence Service agents [shikas]. The AD representatives asked them to accompany them to the Lushnje police station, but they hesitated. They agreed in the end, but first disappeared into the town of Lushnje in order to hide the Mercedes without license plates. Sabah Skenderi admitted that he knew who had seized the camera and said he would go immediately to the gang's hideout to recover it. However, the Lushnje police refused to record any charges by the AD.

Albania: Parties Continue Campaigning in Various Districts

AU1505173696 Tirana ATA in English 1118 GMT 13 May 96

[Report by A. Sakja]

[FBIS Transcribed Text] Tirana, May 13 (ATA)—The candidate for deputy of the Democratic Party [PD], Ndricim Xhepa, had an extended meeting yesterday with electors of his electoral zone in one of the schools in Tirana. Xhepa focused on the questions of employment and rehabilitation of the infrastructure.

The Party of Albanian Democratic Union launched its electoral campaign in Kukes yesterday. The chairman of this party, Remzi Elez Ndreu, presented the candidate for deputy for 15 electoral zone Ardian Elezi and invited the electorate to vote for a pluralist parliament.

The Party Levizja e Legalitetit [Legality Movement] launched its electoral in Kukes yesterday. This party secretary general Ekrem Spahiu said that this party is completely against the leftwing, especially against Socialist Party which he qualified as neo-communist.

"The victory of democrats in May 26 elections will stem from the free vote of the people of Skrapar," said Tritan Shehu, PD secretary general, in the meeting with PD sympathizers. He proposed to those present to vote for the candidate for deputy of the PD, the dean of the Faculty of Law, Prof. Kudret Cela.

The chairman of the Balli Kombetar [National Front] Party Abaz Ermenji had a meeting in Shkoder yesterday. He said to those present that his party through its deputies in the coming parliament will fight for Albania's integration in the European structures and will try to restitute ownerships to legitimate former owners.

In a meeting of the Democratic Alliance Party in Shkoder, the president of this party Neritan Ceka said that their work in the coming parliament will be focused on the approval of the new Constitution, creation of a government based on coalition and a local government with a broader autonomy.

Albania: Party Leaders Hold Election Rallies in Districts

AU1505194996 Tirana ATA in English 1212 GMT 14 May 96

[FBIS Transcribed Text] Tirana, May 14 (ATA)—Democratic Party [PD] Chairman Prof. Dr. Tritan Shehu had a number of meetings in Fier yesterday [13 April]. In the villages Mbrostar and Kurjan he presented Vasil Ndreko and Fadil Cepele as PD candidates for deputy.

He focused on the main aspects of the alternatives that the PD program brings for the coming four years for the countryside. This program, said Shehu, is realisable because it takes into consideration the specific conditions of the countryside and its development.

Shehu had an enthusiastic meeting in Peshtan village where he presented the candidate for that zone, Hasan Halili.

In the afternoon, Shehu attended the meetings held in Bylis theater hall of Fier and in Patos, where he presented the candidates Belul Celo and Iljaz Vrioni. In the meeting in Patos, Shehu said that important investments are envisaged for Patos. "We shall make you all shareholders in oil enterprises," he said.

The Social Democratic Party branch in Shkoder launched its electoral campaign in Shkoder and presented its candidates for deputies in the coming parliament.

Social Democratic Party [PSD] Chairman Prof. Dr. Skender Gjinushi said in his address that the constitution should indispensably be approved as a basis for the rule of law after the creation of the new parliament.

Then he announced the candidates of this party in eight electoral zones of the district: Osman Parruca, Cem Alushi, Ardef Leka, Arben Molla, Zhuljeta Kqiraj, Saip Sokoli, Pellumb Kortoci, and Agim Alluni.

Yesterday afternoon the Socialist Democratic Union Party launched its electoral campaign in the Ramazan Ngjala Sport Palace in Durres and presented the candidates for deputies. Also attending was the chairman of this party Teodor Laco.

The meeting was opened by the chairman of the branch of this party in Durres, Emiliano Gini, who said that the Social Democratic Union Party is a party of the centre.

Then, he presented candidates for deputies of this party: Shaban Zaja, Fehim Ibrahimi, Kate Xoxe, Yllia Lanke, Rushti Domi, Mihal Ekonomi, and Pellumb Guga.

The Christian Democratic Party on Monday presented its candidates for deputies in Constituencies 18 and 19 of the Lezhe district: the neurology doctor, Kole Biba, and the teacher of the Rile secondary school, Mark Marku.

Attending the meeting on this occasion was also the chairman of this party, Zef Bushati. He said that the Christian-democrats are fighting drug, AIDS, corruption and negative phenomena of the Albanian life. "We want the Albanian family enlarge and the new generation grow up with belief in God and love for one another. Our symbol is Mother Theresa," he said.

Bushati also referred to his party's position towards the two major political forces and said that as regards programmes, "we are in opposition to the Socialist Party and do not believe this party is renovated. But, we agree to a coalition with the PD in governing the country".

The president of the Democratic Alliance Party, Neritan Ceka, met on Monday with members and sympathizers of his party in the Kukes city and said that democracy is far from the December ideals and freedom. He said that freedom and democracy are not yet established in Albania.

Ceka implied that if his party won in these elections, he would shorten the Kukes-Tirana road, which actually keeps the inhabitants of this zone at a distance with the center.

The candidates for deputies, Vladimir Vata and Ymer Halili, were presented at this meeting.

Albania: Parties Continue Election Campaign in Districts

AU1505150996 Tirana ATA in English
1248 GMT 15 May 96

[Report by I. Manka]

[FBIS Transcribed Text] Tirana, May 15 (ATA)—Albanian Premier Aleksander Meksi met on Tuesday [14 May] with inhabitants, PD [Democratic Party] members and sympathizers in Berat, 120 km south of Tirana.

Meksi said that the PD is right to ask your vote because it overthrew communism and built the rule of law.

The candidate for Socialist Party [PS] deputy for the Durres district, Alqi Kadenasi, met on Tuesday with the Constituency 34.

The Albanian Democratic Party chairman Tritan Shehu said in his meeting in the Himara commune, Vlore district, on Tuesday, that "We, the democrats promise only what we are able to do and we have shown this in the past four years."

The chairman of the Right Wing Democratic Party, Petrit Kalakula, presented the candidate for deputy in his party's constituency in Durres on Tuesday.

Albania: Three Former Communist Officials Jailed for Genocide

AU1505193896 Tirana ATA in English
1210 GMT 14 May 96

[FBIS Transcribed Text] Tirana, May 14 (ATA)—ALBANIA and GAZETA SHQIPTARE write today that three people accused of genocide have been imprisoned. Prokop Murra, Foto Cami, and Gaqo Nesho (defunct bureau members and high officials of the former communist government) after yesterday's trial, were sent to jail.

They were placed under house arrest together with 34 other former high ranking officials since January this year.

Bulgaria: Interior Ministry, Investigation Service To Cooperate

AU1505181796 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 15 May 96

[FBIS Translated Text] Today Interior Minister Nikolay Dobrev held a meeting with Boyko Rashkov, director of the National Investigation Service. The Interior Ministry Press Center announced that at the meeting the two men reviewed the joint work of the two departments to date and confirmed their desire to improve the cooperation between the two institutions in combating crime. It was decided to form a joint working group to prepare draft regulations for the cooperation between the two government departments. Minister Dobrev and Director Rashkov paid particular attention to seeking speedy solutions to the problems connected with crime detection work and to accelerating the work on creating an integrated information system for the law and order bodies.

Bulgaria: Grain Shipment Arrives From Romania

AU1505170296 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 15 May 96

[FBIS Translated Text] Today 400 metric tons of grain and 80 tons of flour were released from the state reserves into the silos of the Zhitomel Company for use in Khaskovo Oblast, our correspondent Daniela Stoyanova reports.

Our Ruse correspondent Natasha Dimitrova reports that the first two-rail-car delivery has arrived from Romania with 50 tons of flour, as well as one car carrying 30 tons of mixed animal feed for the pig farming industry.

At a media briefing in Sofia today, Professor Todor Pandov, president of the Bulgarian Agricultural Chamber, predicted that this year's shortages of bread and animal feed grain will likely occur again next year, and be more serious.

Czech Republic: Weekly Analyzes Defense Capability

AU1505181996 Prague TYDEN in Czech 13 May 96 No 20, pp 18-20

[Article by Tomas Horejsi: "There Will Be a War on Tuesday"]

[FBIS Translated Text] According to the official White Book on the Czech Republic's defense, our Army's forces are sufficient to repel an attack only from one combat direction. Many experts claim that, first and foremost, our air defense is weak. "If the aircraft of any of our neighbors were to attack us, we would not be able to defend our airspace ourselves," said a TYDEN source at the Foreign Ministry.

During the night of 18-19 August 1991, a military coup was launched in the Soviet Union. Democracy in the then Czechoslovak Federation would have been at immediate risk if the putschists had won. At least that is what the Western experts say. Fortunately, the attempt to seize power in Russia by force collapsed after four days. During this period, neither our federal government nor our parliamentary presidium was convened. The mechanisms for dealing with crises had failed. If a similar situation were to be repeated now, the outcome would be just as catastrophic. We would simply not be prepared if "something" were to happen.

The political representatives of the independent Czech Republic have been behaving for three and a half years as if there were no risks facing us. At the same time, it is essential to carry out in advance the state's preparations for a period of crisis or military threat. If someone really attacks us, it will be too late.

The passivity apparently stemmed from the feeling that all of the risks disappeared and all of the threats evaporated with the collapse of the Iron Curtain. "So far, security issues have been underestimated. It seemed in 1990 that we would all be good, that there would no longer be any danger. Therefore, the issue of dealing with crises did not even make it into the coalition agreements or the government's program. Then, the federation broke up and a new state was established. There was simply no time for this," maintains, for example, Defense Minister Vilem Holan.

Turmoil

"No institution in this state knows what it is supposed to do in a time of crisis," said Hynek Fajmon, the director of the Foreign Ministry's security policy section, to TYDEN. If someone were to launch a military attack on the Czech Republic, which, according to the experts, is not out of the question, there would, apparently, be chaos. "There is no legislation that would stipulate clearly the authority, obligations, and structure of the crisis staffs," says Dusan Strauch, chairman of the State Material Reserves Administration, confirming our fears. "The system that would enable the state to respond to a threat is nonfunctional," adds Fajmon. Jan Hynst, the director of the Economy Ministry's economic mobilization section, rounds off the criticism: "A homogeneous system for the country's nonmilitary defense, so-called civil emergency planning, has not been created in the Czech Republic." "The individual ministers would have to deal with a crisis," states Ladislav Zabo, the head of the Finance Ministry's department for financing defense and security.

A Weak Army

All is not in order even with the Army. It was actually established in 1993; so far, it has only managed to "part ways" with Slovakia and deploy the individual units anew. It has, admittedly, been transformed from a communist army—of course, without its objective being clearly defined in advance. "It is true that the Army has not been given any political assignment for how it should look, for what kind of structure it should have, and for how strong it should be. It had to establish everything itself," claims First Deputy Defense Minister Petr Necas. To date, not even its concept for the years 1997-2005 has been approved. So, the statement by a highly placed Defense Ministry official, who did not wish to be named, that we are now capable of resisting at most a ground attack from the Slovak Army comes as no surprise. Even the white book on the Czech Republic's defense, published by the Defense Ministry, acknowledges that "our Army is capable of independently repelling aggression and conducting defense only in one combat direction." "In the event of an attack from several directions, if our adversary has greatly superior numbers, or if a regional or global conflict breaks out, the success of our defense demands that allies support the Czech Republic," states the white book further.

"At the moment, we are weakest in air defense," claims a TYDEN source from the Foreign Ministry, who also did not wish to reveal his name. "Let us say that a conflict erupts on the border between Slovakia and Hungary, the weaker side decides to drag us into it and, therefore, drops some bombs on us. In such a situation, we would simply be unable to respond. Such a situation is far from being out of the question."

The State Defense Council

Only the Federal Interior Ministry reacted to the aforementioned putsch in the Soviet Union five years ago.

It set up a crisis staff that proposed that the Army be relocated immediately to our borders with the Soviet Union and Saxony, where Soviet units with almost 6,500 troops were still deployed at that time. The staff, led by current Czech Interior Minister Jan Ruml, did not, however, have any formal authority. The defense minister at the time, Lubos Dobrovsky, rejected the demand to relocate the soldiers. The federal government was supposed to discuss the issue; of course, by the time it met, the coup was over.

The State Defense Council, which was responsible for security policy (its members were certain ministers and Army representatives), could only condemn the putsch. No such institution has been in operation since the establishment of the independent Czech Republic in 1993. The mechanism for taking care of the security of the state and its citizens has virtually collapsed. Some politicians are, therefore, demanding that the State Defense Council be reestablished (for example, Defense Minister Vilem Holan), but others are fundamentally opposed to this (Holan's deputy, Necas).

"A kind of National Defense Council made up of select ministers and the president should be constituted. The state—that is, not only its army, but also its industry—would then be capable of a flexible response," said Minister Holan to TYDEN. His deputy, Necas, is of a different opinion: "An overall defense and security concept for the Republic, a so-called national security strategy, should be formulated first, and then we can think about establishing certain institutions."

Chaos

The method for "dealing with crisis situations" is chaotic, especially in legislation. The individual state institutions do at least know roughly what their task would be at a time of threat; the system by which the reaction to such a situation would be set in motion does not, however, exist. We do not have what is called in the West "civil emergency planning"—that is, a system that guarantees the functioning of the state at a time of crisis, that basic necessities are supplied to the population, and that industry keeps running. It is not known who would define the various levels of the "problems" and the crisis staffs. Parliament can, on the basis of the Czech Republic Constitution, declare so-called martial law; of course, it is not clear who is supposed to propose to its chairman that the deputies convene to discuss this matter—whether the government or the president. It is not even clear what is supposed to happen under martial law. Moreover, when the deputies meet, it will be too late. An enemy will, obviously, not wait for their point of view.

Furthermore, the laws stipulate that the country enters into a so-called state of defense emergency following the declaration of mobilization. According to the Czech Republic Constitution, the president declares it, but it is not clear if this is at the instigation of someone and if, for example, he needs to convene the government for this. The defense minister, under whom the Army's General Staff operates, is responsible to the Cabinet as a member of the government. But the president is the commander in chief of the armed forces.

At a so-called time of increased threat to the state, when there are "events that endanger to an increased extent the independence, integrity, and unity of the state or its constitutional system," the president can call up reserve troops for extraordinary service "for the period they are required." However, it is not clear who will determine that this time has really arrived. The leaders of the district authorities declare a "state of threat." What will happen after one of them declares this is not clear.

After the State Defense Council, the Economy Ministry guarantees economic mobilization, which is supposed to provide for the smooth functioning of the strategic enterprises at a time of threat to the state. However, the system now operates only on the basis of the departmental regulations of [Economy Minister Karel] Dyba's office and in accordance with normal business agreements.

The system for civil defense, which comes under the defense minister's department, now has at its disposal 5,285 permanent shelters, in which it is possible to shelter approximately one-tenth of the population of the Czech Republic. The release of raw and processed materials from the State Material Reserves Administration's stockpiles may take place only on the basis of a government decree. The coordination of its steps in this matter with parliament and the president is not guaranteed. Furthermore, according to Ladislav Zabo from the Finance Ministry, the structure of the strategic and mobilization reserves is still established on the basis of the Warsaw Pact's economically unsustainable models.

The Breakthrough Has Already Begun

There has, however, been a certain breakthrough in the "political perception" of the state's defense capability. In fall 1995, at the time when Vilem Holan's department had drafted unsuccessfully the Army's concept for the next decade, a "security" seminar was held at the Foreign Ministry involving Czech and North Atlantic participants. "Our friends from abroad pointed out to us that an Army concept should not be formulated without an overall concept—that is, a national security strategy. According to them, it should incorporate issues pertaining to the Defense, Interior, Foreign, Economy, Industry, Finance, Transportation, Health, and Agriculture Ministries," said Hynek Fajmon, who took part in the seminar. Apart from him, for example, Petr Necas and Jiri Nekvasil, chief of the Czech Republic Army General Staff, also support the idea of a "national security strategy."

"One of the main rebukes from NATO is that we have no comprehensive idea at all for our national security," said a highly placed government official to TYDEN. "NATO is an alliance of countries that have united their defense under the slogan: All for one, one for all. Of course, with the proviso that only a state that is capable of taking care of itself and still contributes something to the security of the others can belong to such a club. A country that is not capable of taking care of even itself and that only wants the other members of the alliance to look after it will not, understandably, be admitted. And, at the moment, that is the case with us because the government is simply not paying enough attention to this," claims the TYDEN source.

The definitive breakthrough, however, may—and, according to the experts, must—come after the elections, with the arrival of a new defense minister. He should be strong enough to be able to include the demand for the formulation of a national security strategy in the coalition agreements and the government's program. So, he has to be either a very influential member of the Civic Democratic Party [ODS] leadership or the chairman of a coalition party. Two names are now cropping up in this context: Foreign Minister Josef Zieleniec (ODS), who, allegedly, "does not want to do this, however" and Josef Lux (Christian Democratic Union-Czechoslovak People's Party), deputy prime minister and agriculture minister.

What Threatens Us

The document outlining the national security strategy, which has to be drafted and approved by the government, should be accessible to the public. The "national defense strategy," which the Defense Ministry is drafting, and also the "military strategy," the "concept for the Army's structure," the "plan for its financial, human, and material resources," and eventually its "acquisition plan" will also evolve from this document.

According to the experts, the risks and also the crisis situations that could occur and the role of the individual institutions in dealing with them should be defined in the document. "The identification of the risks and threats should be very specific and very critical. It is better to be more critical while there is peace and to prepare for a worse variant than the one that will eventually occur," claims Fajmon. In connection with this, an unnamed source from the Foreign Ministry said to TYDEN: "I, for example, would be very mindful of developments in Slovakia. For example, of the activity of the local secret service. Why is it using Russian ciphered communications and not Western ones like the surrounding states? What will follow on from this for the future? In my opinion, even the variant of Slovakia's involvement in the Commonwealth of Independent States is not out of the question!"

The experts simply expect some form of Russian expansion toward the West and, for this very reason, are striving for our incorporation into the North Atlantic Alliance. "If the Russians are now, despite their relative weakness, assuming the right to dictate to us where we can and cannot enter, what will they do in 10 years, when they are stronger?! We simply have to run to the other side of the fence while there is time," claims the TYDEN source from the Foreign Ministry.

The Risks and Threats to the Czech Republic

—Russia's attempt to dominate forcefully the Central European region; the passivity of the Western powers.

—Russian resistance to our endeavor to join the North Atlantic Alliance.

—The potential Slovak and, mainly, Belarusian and Ukrainian inclination toward Russia.

—The disagreements between Slovakia and Hungary; the unavoidable possibility of their exacerbation.

—Future developments in the Balkans; the possible further expansion of the conflict.

—International terrorism and possible attacks on our territory.

—The exacerbation of nationalist passions in the vicinity of the Czech Republic.

—The spread of weapons of mass destruction and fissile materials.

Pluses and Minuses With Regard To the Czech Republic's Admission to NATO

+ Involvement in the IFOR [Implementation Force] mission.

+ The chemical unit's participation in the Persian Gulf.

+ Geographical position.

+ Common borders with NATO.

+ Bureaucratic experience, solidness.

+ The "purge" in the Army, the departure of the "old" structures.

+ Transformation of military counterintelligence and intelligence.

- The absence of a security doctrine.

- The lack of civil emergency planning.

- An Army without a political assignment.

- Low expenditure on the Army.

- Russia's resistance.

Czech Republic: Fighter Pilots To Train at Italian Airports

LD1605113896 Warsaw Polskie Radio First Program Network in Polish 1005 GMT 16 May 96

[FBIS Translated Text] The Czechs are planning to give up using Polish military airports for their training. They think an Italian offer is better:

[Correspondent Pawel Szukala] The command of the Czech Air Force has been examining for the past few days an Italian offer for the use of airspace over Sardinia for training flights. Until now, all fighter pilots have made use of a Polish military airport located on the Baltic coast. A spokesman for the Czech Ministry of Defense, Lieutenant Colonel Pavel Liska, has said that the offer by the Italians is much more favorable as regards price than the Polish offer. Although Czech pilots have nothing but good to say about cooperation with the Polish Air Force, they have, nevertheless, been forced to give it up.

The Polish side, according to Czech Air Force spokeswoman Maria Vahalova, has raised the cost for using Polish airports by as much as 100 percent. The Italian offer embraces not only use of the airfield itself and Sardinia's airspace, but also the hire of modern flight-monitoring equipment and service facilities, which are much better than what the Poles can offer, said a high-ranking officer at the Czech Air Force base in Caslav. This is Pawel Szukala for Polish Radio from Prague.

Slovakia: Meciar on Domestic Issues, NATO Membership

AU1505122996 Bratislava SLOVENSKA REPUBLIKA in Slovak 13 May 96 p 7

["Brief record" prepared by Pavel Kapusta on news conference by Prime Minister Vladimir Meciar with foreign reporters on 8 May in Bratislava: "Let Us Not Change History Into Hysterics"]

[FBIS Translated Text] Last Wednesday, Prime Minister Vladimir Meciar met with foreign reporters to answer a broad range of questions concerning the integration of the Slovak Republic into European structures, relations with neighboring countries, and the domestic political situation in Slovakia. We already informed you briefly in the Thursday issue of this daily about the content of the special news conference held at the Slovak Government Office, and Slovak Television carried a recording of the entire news conference on the same day. Nevertheless, we comply with the wishes of numerous readers who telephoned us to demand that we provide more space in SLOVENSKA REPUBLIKA for the prime minister's answers. Since we are limited to one page, the questions and answers had to be selected and abbreviated. Because of incomplete data in the introduction of the reporters, we identify neither their names, nor countries, nor media they represent after the questions.

[Reporter] In a recent interview for Slovak Radio, you said that certain political problems in Slovakia could keep Slovakia out of the first wave of EU and NATO membership hopefuls. To what problems were you referring?

[Meciar] You have misinterpreted what I said. I conceded the possibility of retardation of Slovakia's integration into the Euro-Atlantic structures unless the domestic political stability is achieved and the value system accepted in Western Europe is reinforced. The EU and NATO member states are interested in integration with partners who have problem-free neighbor relations and a stable domestic political situation. I have pointed out the problem, which has so far been typical only of Slovakia, that domestic problems are not being solved through democratic discussion at home but are immediately internationalized. Thus, Slovakia is artificially becoming a Pan-European problem. Nevertheless, this sort of political "culture" is temporary. It will end in the same way as the catastrophic visions of 1992 or 1993, which, of course, have never come true. It will be similar within the framework of the democratic system. We are not lagging behind the other postcommunist countries from the vantage point of the legislative building of this system.

[Reporter] What do you think about the statement by Russian Defense Minister Grachev that if the east European states join NATO, Russia will change its defense strategy?

[Meciar] Several states applied for NATO membership because they seek guarantees for their security in its system. That is why Slovakia applied. At the same time, however, we believe that a Pan-European security system must exist from which no one would be excluded. It should be based on both member and cooperating countries. Its absence evokes concerns of the countries which are not involved in the NATO expansion regarding the development of their own security. We have seen that all European countries favorably accepted the Partnership for Peace. Nevertheless, a stage of talks must follow which would help to establish a Pan-European security system. Similarly to other countries that want to join NATO, the task is before us of answering numerous serious queries from the population. One example is the question of whether the full membership we seek would be linked to the obligation to deploy NATO troops or nuclear arms in our country. This must be answered by the NATO authorities, and the citizens of this state will then comment on it. Regarding the stand of the Russians, I would like to make the observation that the Russian Government has never dictated or commanded us to do anything, nor have they adamantly demanded anything. We know each other's stands. They told us to do our thing, and time will show who was wrong. I am not a spokesman for the Russian party. I can only speak for the Slovak cabinet, which is interested in NATO expansion with regard to the interests of Europe as a whole. As I have done several times before, I would like to express again my concern that a rapid expansion of NATO without any preliminary agreements or agreed upon system with Russia could lead to a new dividing line in the world because a Russo-Sino-Arab grouping would form. The question could then be rephrased as to whether this would help us.

[Reporter] We have heard several statements recently—made, above all, by Russian representatives at various levels—indicating the existence of some special relations between Bratislava and Moscow in comparison with other postcommunist countries. Do you agree with that assessment?

[Meciar] I would not refer to the relations between Bratislava and Moscow as specific but as good. The Slovak Republic is interested in reinforcing democracy and in the victory of democratic forces in Russia, and we also endeavor to maintain balanced economic relations. Russia is also interested in the development of cooperation with us as 70 percent of its power exports to the west pass through our territory. Therefore, it wants a guarantee that the transit will continue undisturbed. There are similar cases involving railroad links and other cooperation. One must not forget that Slovakia depends on Russian energy and raw materials.

[Reporter] How are we to understand the statement by one of your coalition partners, Jan Luptak, chairman of the Association of Workers of Slovakia, who, as deputy chairman of the Slovak legislature, said before the deputies of the Russian Duma that the idea of Slovak neutrality has not yet become dusty.

[Meciar] Mr. Luptak did not speak on behalf of the government, and that is what matters. The government has its program goals. It is fulfilling them without any doubts, and comments by the chairmen of the coalition parties are, in this respect, independent from its politics. We always hold talks after such statements and pinpoint their conceivable danger. This phenomenon appears to be, however, a problem of the entire structure of the political spectrum, and a democratic discussion about it is necessary.

[Reporter] It seems that the exchange of ratification documents for the Slovak-Hungarian Basic Treaty will take place soon. Mr. Hofbauer recently wrote in the SLOVENSKA REPUBLIKA ethnic supplement that it is a pity that in addition to Tatra and Fatra [mountains in Slovakia], we do not have also Matra [mountain in Hungary].... How do you intend to protect yourselves against the extremists in the Slovak government coalition who oppose Slovak-Hungarian cooperation?

[Meciar] The implementation of the treaty is a matter of honor and responsibility for the future of Slovakia and Hungary and concerns both governments. Trying to turn the wheel of history back means to thwart one's integration into the European structures. They must not forget the comments of EU representatives in Budapest that only countries that have settled relations with their neighbors can hope to become EU and NATO members. If we did not make a step forward in this matter, it is precisely to help each other in this respect. Furthermore, it is necessary to make it absolutely clear that one cannot overlook the nationalism that accompanies the Hungarian politicians working to recreate Greater Hungary and negate Slovakia as a state formation. If there are any ideas in Slovakia about other means of dealing with this problem, they are extremes against which politicians must struggle in their own state. Every government is responsible for what is happening on its territory. The government of one state cannot hope to bear responsibility for citizens of another state or be their "driving force." That is today more of a problem for Hungarian than Slovak policy. Loyalty to the state in which they live is required from any minority. That is a common democratic demand. Of the comments by some Hungarian politicians, I can give an example of the statements by the late Mr. Antal, who referred to the historical claims to Slovak territory. Our discussion on this topic ended very quickly. It would be better to focus on the future and not change history into hysterics.

[Reporter] Would you care to comment on the criticism of the bill on foundations, which is currently in the works? Does the government really intend to restrict the work of foundations operating in Slovakia?

[Meciar] There are 10,600 organizations in Slovakia which claim to be of the so-called third sector. Foundations are among them. To date, there have been no legal guidelines to deal with them. That is why the government decided to approach the establishment and termination of foundations by introducing the requirement to deposit ordinary capital in the amount of 100,000 korunas. That way legal obligations in relation to the founders and the existence of the foundation can be implemented. If the foundation suddenly began, let us say, to deal in arms, we could not do anything about it because there is no relevant law. For this reason, we let ourselves be inspired by the EU legislation and selected a legal guideline which we adopted as the basis for our law on foundations. If, according to someone, this law is not democratic, we do not understand it as a criticism of the Slovak legislation, which in many ways imitates or copies certain EU laws, but rather as a criticism of the legislation of that state from which we assumed this law. Under no circumstances will the work of the foundations be restricted. We challenge the critics of the bill to show in its text specifically where it does not correspond to the EU norms. So far, not even consultations in the EU confirmed anything like that.

[Reporter] How do you understand the latest statement by the New York Committee for Protection of Journalists, according to which you became the "10th greatest enemy of the press in the world"?

[Meciar] I can only feel sorry for people who make such assessments, and even more for those who depend on such reports. It is just another example of language from the Cold War times. We should be beyond that by now. As far as the personal discreditation, there has been so much of it since 1990 that I no longer bother reacting to single incidents. When I speak with the locals here, I hear how embarrassed they are by what is happening, and they cannot comprehend it. I do not believe that the situation in Slovakia is undemocratic. Regarding the subjective feelings, then, of individual suppliers of information, it is their personal problem rather than a question of the freedom of the press.

[Reporter] The frequently criticized amendment to the Penal Code, which the president returned for further debate in parliament, has been discussed a lot recently. Is the government willing to make some changes in the text to make it acceptable to the opposition and abroad?

[Meciar] The Charter on Human and Civil Rights is generally valid. We adopted it in 1990, and even expanded some of its points in the Constitution of the Slovak Republic. The protection of these rights is guaranteed by the courts, including the Constitutional Court. Any citizen whose rights have been violated is assured of international legal protection. The amendment to the Penal Code is based on internationally recognized principles and does not conflict with the Charter. So far, we have not received any assessment from experts which would state how the draft amendment contravenes international law, while, on the other hand, we determined that analogous criminal regulations exist in other penal codes. The amendment speaks about the protection of the state rather than the protection of public officials or institutions. The Penal Code stipulates several deeds—I repeat, deeds—which represent an intentional attempt at partition of the state, as a result of which the security of the state would be jeopardized and its constitutional system violated. Thus, according to this law, citizens may be prosecuted for deeds—not ideas, stands, or speeches. There are many states that have similar or even identical legal stipulations with a range of punishment. After this analogy was demonstrated, other objections appeared, according to which these laws are not being applied in the West, while this possibility exists in Slovakia. The answer is simple: Where there is no deed, there is no punishment. When I conducted consultations abroad about this law, all my partners stated that they did not know the actual content, but drew on information in media and from the opposition parties in Slovakia, which, even before the text was published, decided at a meeting to launch a huge international campaign. This campaign continues and is rather effective on their part.

[Reporter] As is known now, the National Council of the Slovak Republic will not yet discuss the law that is to change radically the territorial administrative arrangement of the Slovak Republic. Can you tell us why?

[Meciar] The law on the territorial administrative arrangement must be understood as the conclusion of the process started in 1990, when the system of national committees was terminated and the territorial arrangement of regional type, which originally was to be replaced by 30 June 1991, was established. The bill is ready for adoption. The debate is turning around the question of whether the territory of the capital of Bratislava is to remain within its present borders or expand, which would increase the population and the area of the city and create conditions for a more efficient development. The municipal authorities favor the border of the so-called smaller Bratislava, while the government coalition advocates the expansion of the territorial domain of power in the municipal bodies. So far, we have not heard a single good reason from the opposition and the president, who returned the law to the parliament, that would lead us to reassess the bill. In preparing the bill, we respected even the demands presented at the time by the representatives of ethnic minorities, and we consulted on it in the Council of Europe. We appointed the applicable commissioners, but the bill specifying the powers of the parliament with respect to the new territorial and administrative arrangement of the state has not been tabled so far, and therefore the debate on the final text of the law on territorial arrangement has also been postponed. It should be definitely confirmed, along with its correlated legal guidelines, at the June session of the National Council of the Slovak Republic.

Slovakia: SIS Head, Minister Discussed Dismissing Investigator

AU1505150096 Bratislava SME in Slovak 14 May 96 p 1

[Report by "r": "During a Telephone Conversation, the Interior Minister Promised the SIS Director the Dismissal of the Abduction Investigator"]

[FBIS Translated Text] Bratislava—The SME editorial office has a recording at its disposal of a telephone conversation between SIS [Slovak Information Service] Director Ivan Lexa and Interior Minister Ludovit Hudek. The telephone call took place prior to the dismissal of the Bratislava Regional Court investigator, Peter Vacok, from investigating the case of the abduction of Michal Kovac, Jr., abroad. Hudek said in the conversation that he saw the "boss," because "it arrived... from the neighbors in that nearby town." Lexa replied to this: "I was with him." In this context, they also spoke about the investigation, and Hudek commented as follows: "Yes, that one, we are going to give him a good kick in the balls." SIS director Lexa responded to this with: "If you will kick him in the balls, I will give you a kiss on the forehead." Interior Minister Hudek assured Lexa that "it is a done thing," and he himself "issued instructions on how it should look." Within the framework of the conversation, Lexa asked Minister Hudek: "And the regional [chief of investigations] one, you will get f...ing rid of, too. You know, that one of ours?" And Hudek replied that it would be done gradually. At the end of the conversation, Lexa still asked Hudek whether he knows anything about a certain "excerpt" that Democratic Union Deputy Chairman Cermak had shown at the meeting. Hudek observed that it was put together by the Police Presidium. "You know how, the police idiots," he added, and assured his partner that "it was not a document." According to him, the Slovak Interior Ministry will only issue a document, which "implies it."

Slovakia: Press Views Interior Minister, SIS Head Conversation

AU1505154896

[FBIS Report] Slovak newspapers on 15 May publish a number of commentaries on the secretly taped recording of a 16 October 1995 telephone conversation between Interior Minister Ludovit Hudek and Slovak Information Service (SIS) Director Ivan Lexa, broadcast by the private Radio Twist on 13 May and published by Bratislava SME in Slovak on 14 May. In the recording, the two officials discussed, among other issues, the dismissal of Peter Vacok, then investigator of the Kovac, Jr. kidnapping case. Most commentators view the conversation as a reason for Hudek's and Lexa's resignation. Only Bratislava SLOVENSKA REPUBLIKA in Slovak, which calls the affair "the Slovak Watergate," believes the affair should cause President Kovac resign.

Bratislava NARODNA OBRODA in Slovak on 15 May publishes on page 9 a 400-word commentary by Jan Fule entitled "Proof of Moral Inaptitude." While Fule agrees that bugging telephones without the consent of criminal prosecution bodies is a "reprehensible criminal act," he sees the conversation as "proof of the moral inaptitude of the minister of interior and the SIS director." He continues: "Using an exceptionally vulgar vocabulary, the two were striking a deal on their cooperation in influencing the investigation of the criminal act of a Slovak citizen's abduction abroad. The person to whom they were about to 'give a good kick in the balls' (and they did) was Peter Vacok, former major of the Police Corps of the Slovak Republic. The person they were about to 'fucking get rid of' was the chief of the Regional Office of Investigations. That, too, came off. They also spoke about the receipt of three pages 'from neighbors in that small town,' which most probably referred to the three pages of Brano Chilo-Ptak's testimony on [Kovac Jr.'s] 'self-abduction.'"

Fule concludes his commentary by saying: "The interior minister and the secret service chief did something they should not have done. Will they now do what they should do and resign? If not, what will the 'boss,' as the two protagonists of the telephone conversation jovially referred to him, do? If he protects them, he will prove that all he wants is to have obedient people around him. Based on the recording, one can successfully doubt the moral aptitude of the two protagonists, which should be an essential prerequisite to hold such posts."

Bratislava NOVY CAS in Slovak on 15 May publishes on page 2 a 500-word commentary by Peter Skorna entitled "Will He Give Them a Kick....?" The commentator views the published conversation as proof that "the Ministry of Interior is subordinate to the wishes of the SIS director, on the basis of which the Police and investigators cannot be considered independent and, hence, cannot be trusted by us, citizens." Skorna asks: "When the minister says that he will kick an investigator who is inconvenient for Mr. Lexa 'in the balls,' what guarantees do other policemen and investigators have that the minister, should Ivan Lexa express the wish, will not kick them elsewhere? None. As is to be seen, citizens have no guarantees before policemen, and policemen have no guarantees before the interior minister." According to the commentator, both the "unprecedented contents" of the conversation and its "vulgar and primitive form" confirm that "we are on the best way toward becoming a country of the South American type where decisions on the Police, courts, and the secret service are made by the dictator and a handful of his supporters." Summing up, the commentator says: "If Prime Minister Meciar wants to preserve at least some image (in civilized Europe, for example), he should get rid of Hudek and Lexa as soon as possible. It is not even important whether he uses their primitive 'kicking' methods. The prospect of Interior Minister Hudek being received abroad by a departmental counterpart who knows that he is dealing with a minister who considers his subordinates to be idiots is not pleasant..."

Bratislava PRACA in Slovak on 15 May publishes on page 5 an 800-word commentary by Frantisek Melis entitled "About Kicks in the Balls and Police Idiots." Melis believes that "Interior Minister Hudek and SIS Director Ivan Lexa have crossed the rubicon beyond which such highly placed officials can choose between two options: They will either tender their resignation, not waiting for the prime minister's verdict, or resort to the use of their service pistols."

Bratislava SME in Slovak on 15 May publishes on page 4 a 500-word commentary by Juraj Hrabko entitled "Abuse of Authority by Three Public Officials." According to Hrabko, the fact that, in his statement on Slovak Television (STV) on 13 May, Interior Minister Hudek did not deny the contents of the conversation means that "three public officials abused their authority." As Hrabko points out, "neither the prime minister nor the interior minister, let alone the SIS director, are empowered by law to interfere in the investigators' authority or to supervise the course of investigations." Hrabko also suggests that, since, in his statement on

STV, Ludovit Hudek "did not find the courage" to announce his resignation, some parliament deputy ought to propose that the interior minister's dismissal be put on the agenda of the parliament session opening on 15 May. Hrabko believes that the dismissal of both Hudek and Lexa is "in the interest of Slovakia, because the disintegration of its security structures would otherwise continue."

The publication of the Hudek-Lexa telephone conversation is also the subject of a 700-word commentary by "mad maj,' entitled "Who Will Protect Citizens Against Unprecedented Gangsterism of 'Independent' Commissions?" in Bratislava SLOVENSKA REPUBLIKA in Slovak on 15 May, on pages 1 and 2. Without reference to the contents of the conversation, the commentary denounces the "spying on constitutional officials by means of bugging." It views the affair as "another of the dirty opposition practices" and as "an act of political banditry by those who are unable to win elections regularly." According to SLOVENSKA REPUBLIKA, "only few people believe that the authors of the recording are not StB [communist-era secret service], FIS [Czechoslovak secret service from 1990-92], and former SIS members in the services of the militant Christian Democratic Movement."

The SLOVENSKA REPUBLIKA commentary points out that, during the Watergate affair, the bugging of a political adversary cost U.S. President Nixon the presidency. In this context it says: "Nixon had enough moral strength in him to resign. Will, after this Slovak Watergate, also Slovak President Michal Kovac follow the example of Richard Nixon's statesmanlike decision? After all, all the various self-appointed investigating commissions or parallel intelligence structures from the ranks of the SIS 1994 putschists clearly lead also to Michal Kovac."

Slovakia: Foreign Affairs Chairman Defends Minority Talks

AU1505132096 Bratislava SLOVENSKA REPUBLIKA in Slovak 11 May 96 pp 8-9

[Article by Dusan Slobodnik, chairman of the National Council of the Slovak Republic Foreign Affairs Committee: "Is It Better To Be Silent or To Speak?"]

[FBIS Translated Text] The method chosen by Julius Handzarik is not good. He quotes from the draft concept of one of the organizers of the roundtable, passes a few one-sided judgments about the Project on Ethnic Relations [PER] Foundation without knowing the facts, even using farfetched parallels with the "international assistance" [term used prior to 1989 for the Soviet-led military invasion of 1968], and rejects in advance the Casta-Papiernicka conference, without even attempting to understand Slovakia's endeavor to clearly prove in dialogue with important politicians (from the White House, Pentagon, State Department, Council of Europe, European Parliament, and OSCE) our truth and the high standard of minority rights in our country.

Let Us Not Underestimate Ourselves!

I am confident that if he asked the participants who will represent Slovak positions at the meeting (S. Bajanik, E. Garajova, E. Zelenayova, Z. Larazova, L. Deak, V. Fabry, J. Prokes, J. Ferko, V. Hornacek, M. Bendza, J. Podolak, J. Gabor, D. Mikolaj, L. Bencova, D. Slobodnik), he would not have assumed such a sharply negative attitude to this dialogue, which is so needed for Slovakia.

We wanted—that is, I wanted—J. Handzarik to be a part of this Slovak team. He declined. I respect his decision. However, he did not have to dress his rejection in so many insults, underestimations, miscomprehensions, and a priori assertions.

I agree with him on the assessment of some opposition participants in the dialogue. We know who P. Zajac and M. Butora are, not to mention M. Duray. But we are defending the truth, so why should we be afraid of them? Let us not underestimate ourselves!

We also concur that Slovakia's minority policy is far above the European standard. Our aim will be also to prove this in the dialogue.

Right and Duty

The only difference is that, in the opinion of those who will defend our truth at Casta-Papiernicka in the name of Slovakia, such meetings are necessary. J. Handzarik is of a different opinion. According to him, we should shut ourselves off in the ivory tower and not venture into discussions. And if we must, then only with members of the U.S. Congress.

But the question confronting us is this: Either we will be able to defend our truth in direct confrontation with people like Duray or Zajac, or these gentlemen who defame Slovakia and Slovakness [slovenskost] will continue to slander us behind our backs. If we do not defend ourselves, no one is going to do it for us.

I have confidence in our truth, and I have confidence in the abilities of those who will play in the Slovak jersey at Casta-Papiernicka.

I therefore regret that J. Handzarik, about the sincerity of whose Slovak stands I have no doubt, refused to wear this jersey and expressed so many one-sided judgments in his article.

Replying to the question from the headline, I claim: It is our duty to speak. Silence is not golden in this case.

Slovakia: Daily Warns of 'Dangerous' Collective Ethnic Rights

AU1505122496 Bratislava SLOVENSKA REPUBLIKA in Slovak 14 May 96 p 3

[Commentary by Jergus Ferko: "Hungarian Rambling Through History"]

[FBIS Translated Text] The second American-Slovak roundtable on ethnic relations, held in Casta-Papiernicka, again triggered the Slovak-Hungarian discussion.

The positions are clear: The Slovak side upholds the concept of individual human and civil rights, upon which the whole civilized world is built. The Hungarian side stubbornly demands collective rights, which, as Jan Gabor, representative of the Slovak Ministry of Foreign Affairs said, would be a step back into the Middle Ages. The Hungarian coalition came up with two draft laws at Casta-Papiernicka—a constitutional law on ethnic minorities and a law on minority languages. Both these documents show a reliable way of getting to Bosnia fast. This was noticed also by the prominent foreign guests who attended the roundtable, and they made it appropriately clear.

Why do representatives of our Hungarian Coalition (and politicians from Budapest) so stubbornly demand collective rights, which are unequivocally rejected by the whole civilized world on the basis of tragic experience? The Hungarian intelligentsia (or, more accurately, its decisive part) has evidently lost its way while rambling through history (because of the many historians among top-ranking politicians in Budapest) and is unable to realize this. It is sealing itself off in a spiritual ghetto from which it will apparently be unable to escape without patient help from the outside.

Hungarian policy (that is, Budapest's policy and the minority policy based on it) is setting itself unrealistic targets and is thus condemning itself to being the hostage of eternal disappointment and frustration. At the same time, as a matter of principle, it is blaming others for this mistake. Since 1918, it has been unable to find its place in Central Europe. Collective rights are a dangerous time bomb that could shake the whole of central Europe.

It is no coincidence that virtually all other parliamentary parties have turned away from the parties of the Hungarian Coalition. The Casta-Papiernicka roundtable confirmed that, too. Hardly anyone is interested in cooperation with those who are unable to understand that there cannot be three or four Hungarian nations (each in a different country). The Hungarian Coalition has moved itself to the periphery of Slovak politics.

The foreign guests at the roundtable were calling on both sides to conduct a dialogue. But, at times, they themselves had certain difficulties distinguishing between businesslike proposals and comments and unfounded demands stemming from chronic dissatisfaction. Discussions are necessary—but only on the platform of loyalty toward the state (so far, it has been expressed only by individuals, by means of their oath as deputies, and it is questionable whether this will also be done, publicly and officially, by the Hungarian political entities, with the bright exception of Gy. Gyimesi's movement [Hungarian People's Movement for Reconciliation and Prosperity]. Two state ideas—Slovak and Hungarian—are clashing in southern Slovakia. In one state, however, there is place for only one of them. Young people, including the minority youth, must be brought up in this spirit. That is why Hungarian textbooks, particularly history textbooks, are unacceptable to us.

We are witnesses to the clash of opinion between two spiritual worlds—the world of Western civilization and the Magyar world, which is unable to orient itself in history and finally to comprehend what is what. Even today, it is obvious which concept will have to adapt itself to the other on the path to an integrated Europe.

Slovakia: Helsinki Committee Expresses Concern Over Bill

LD1505152196 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1300 GMT 15 May 96

[FBIS Translated Text] The International Helsinki Committee for Human Rights and the Slovak Helsinki Committee today issued a statement expressing their deep concern about a bill being discussed by the Slovak parliament. The statement claims that the foundations bill violates freedom of association, which is guaranteed by international documents on human rights. The statement says that according to the bill, nongovernmental organizations must be registered with the Ministry of Interior, and this can really restrict the establishment of new foundations.

Hungary: Editorial Supports Permanent U.S. Base at Taszar

AU1505133396 Budapest MAGYAR NEMZET in Hungarian 15 May 96 p 6

[Editorial by Janos Avar: "Taszar Base?"]

[FBIS Translated Text] Let us look at the map in the way they have probably done at the Pentagon, and we will immediately see that a base in Taszar is ideal for someone who wants to keep an eye on the Balkans. Having undertaken peacekeeping in Bosnia—or presumably in the Balkans—Washington indicated that it is not indifferent to the condition of this "soft underbelly" of Europe. The establishment of the diplomatic base in Kosovo suggests the same—after all, if the domino effect can happen anywhere, then it is definitely in the Balkans because if the Albanians and Serbs start a fight, then the Turks and the Greeks will not be able to stand by idly and watch....

So we should hope that, this time, the United States does indeed need a bit of Hungarian soil where it can set foot. If we look back on the past 50 years and the examples of West Germany, Israel, South Korea, and Taiwan, then we can conclude that none of them really suffered from the fact that they were important in Washington's strategic calculations. Therefore, let us be happy when REUTER quotes a U.S. general as saying that "Hungary's strategic value is decidedly vital to our success."

Although, at the moment, this only applies to the supposedly short-term Implementation Force venture, the experts who claim that the Western powers can get away with not extending this Bosnian mission are in a minority. Should Clinton keep his promise and withdraw the soldiers from Bosnia, seeing the Taszar base could possibly reassure the European partners who insist on a U.S. presence. At any rate, in addition to the British news agency, many Western newspapers have also noticed growing signs that the guests at Taszar are apparently settling in for the long term. This we can welcome almost unreservedly.

We may have some concern because a Taszar base would mean a de facto NATO membership that might not make the de jure admission so urgent for the Americans. Of course, Hungary's security would probably be increased decisively if the main power of the Atlantic alliance set foot on Hungarian territory: When making—naturally, as customary in the army, only theoretical—military plans, neither close nor distant chiefs of staff would be able ignore this fact. As the idea of neutrality has always proved illusory in war situations on the Polish and Hungarian planes, just as in the Netherlands, our threatened position would not be changed by this at all in the event of a nuclear conflict; anyway, since Chernobyl, we have known that even if the bombs avoided some places on our continent, the clouds would not. In peace time, however, appropriately, the presence of the Atlantic main power would enormously increase the confidence of capital in our country.

As to the lamentations of extremists on both sides about the "occupation" of our country, they need to be reminded of the known difference: While the Soviets kept their allies at bay by threatening to invade, the Americans threaten them with leaving; the isolationists on the other side of the Atlantic would keep well clear of Europe and its problems. Hollywood and hamburgers have never needed the Yankee military for their conquests. Anyway, as the Philippines and the recent Japanese examples show, contrary to our former—and real—occupiers, the Americans are also willing to leave when requested.

If Washington (also) placed its Balkan stake on Taszar, this would definitely precede Hungary's involvement in the Euro-Atlantic security system and, this way, it is a good preparation for our NATO membership. Fortunately, our political parties have already decided this in unison, thinking precisely of our well-assessed national interests and also taking into consideration the long-term dangers that lie ahead for our region. Making a decision on membership and Taszar, the Atlantic members will assess the country by its economic and political institutional system, rather than the parties, and it would be a bit ridiculous if, as some signs indicated last weekend, someone again started to categorize the freely elected forces as deserving or not deserving of admission. This proved a failure in Hungary once before and, for foreigners, our area generally remains just a place on the map.

Hungary: Prime Minister Discusses EU, NATO Expansion

BR1505151996 Lisbon DIARIO DE NOTICIAS in Portuguese 14 May 96 pp 8-9

[Interview with Prime Minister Gyula Horn by Fernando de Sousa in Budapest; date not given: "Portugal Is Important Partner"]

[FBIS Translated Excerpt] Budapest—Gyula Horn believes that the EU budget should take into account the cost of the enlargement to include the countries of Central and East Europe. That fact, together with the forecast of an increase in the EU's GDP, leads him to believe that member states such as Portugal will not be disadvantaged by the new distribution of Community funds. In an interview with DIARIO DE NOTICIAS in his office in Budapest, Horn also stated that the setting up of new Hungarian-Portuguese joint enterprises, in addition to the five already existing, should be encouraged.

The Hungarian head of government believes that joining NATO is an important step in favor of regional stability, and denies that Russia is a threat to his country.

[De Sousa] What is the main goal of your visit to Portugal?

[Horn] I am going to Lisbon to strengthen bilateral relations. Now is the time to do so because I became prime minister 22 months ago, and since that time there have been no meetings between the two heads of government. As an EU member, Portugal is an important partner for us.

We are very interested in your experience connected with [EU] membership, the first few years of adjustment, and the transition process. We also hope for the Portuguese Government's support for Hungary's joining the EU.

[De Sousa] In the recent past, Hungary had several contacts with Portugal to appraise the way in which the Portuguese people were transforming and liberalizing their economy; especially in the sphere of the privatization measures—one of present-day Hungary's priorities. Are you still interested in that exchange of information on the privatization measures?

[Horn] The privatization process in Hungary is almost complete, so we will no longer have much more to learn, but we deem the Portuguese experience important. [passage omitted]

[De Sousa] An important issue in Portuguese politics, normally raised in Portugal's international contacts, is the situation of the people of East Timor. What is Hungary's stance on that matter?

[Horn] We fully support the Portuguese stance. East Timor's inhabitants must have the opportunity to determine their future. It is also necessary to guarantee human rights.

[De Sousa] Hungary has shown itself determined to attract foreign investments. Is it also interested in Portuguese investments? Will you discuss that matter during your visit?

[Horn] We must acknowledge that Portuguese investment in Hungary is not very substantial. Moreover, Portugal also attracts more capital to the country than it manages to invest abroad. That is another similarity between us, in addition to our sizes. We have also studied Portugal's development since it joined the EU in 1986. There is a lot of foreign capital arriving in Portugal. The growth of exports is also considerable. In that respect, too, Portugal is a model to follow. We want to increase our exports and attract more foreign capital. There are currently five Portuguese-Hungarian joint enterprises in all, but there is a chance to set up more. There is a great deal to be done in this respect.

[De Sousa] Portugal and Hungary are competitors...

[Horn] We are not going to produce cork. I believe that the two economies are complementary and are not competitors. Portugal has received many structural funds and many investments in infrastructures from the EU. We also want a share in that, but that is not just in Hungary's interest. It could also be in the interest of Portugal or other EU members which can open up to Hungary. This could also be advantageous from the viewpoint of the Portuguese investments in Hungary.

[De Sousa] When do you expect your country to be able to join the EU?

[Horn] We are completing the questionnaire which arrived from Brussels. The Commission will begin to prepare its report. The EU will decide on opening the membership negotiations on the basis of Hungary's performance and capability. As far as the results are concerned, we are one of the area's leading countries with the reforms which we have implemented. Of course, that costs a great deal, and the population will have to accept sacrifices, but there is the possibility of starting the membership negotiations at the beginning of 1998, and we believe that the decision should come around the year 2000. I believe that the Portuguese Government supports starting the negotiations with Hungary, and also supports Hungary's admission in the first group.

[De Sousa] How has Hungary been preparing to adjust its society to the EU?

[Horn] We are transforming the whole financial system. Very important reforms are taking place throughout the state structure's budgetary sector. With respect to the macroeconomic indicators, we have achieved considerable results. In two years, the budget deficit in relation to GDP fell by 50 percent. We are also completing the privatization process. In the banking and financial sector, we are meeting the OECD's criteria, and that is why we are a member of that organization. We have also created the structural conditions. Within the government, we set up the Integration Office in February. We are also meeting the convergence criteria laid down by the Maastricht Treaty. [passage omitted]

[De Sousa] You spoke of the sacrifices imposed on the Hungarian people to prepare for membership. Do you believe that those sacrifices are being understood and recognized on the EU's part?

[Horn] Yes. We have very close relations with all the European institutions. We are informing them about all matters. For instance, they know very well that in 1995 real wages fell by 12 percent. They also know that we are forecasting a budget deficit of 4 percent in relation to GDP for 1996. We have presented in detail the program for restructuring agriculture, as well as the measures adopted to protect the environment. The Commission president, who was in Hungary recently, saw for himself what is happening with the protection of the environment. In addition to the European Commission, we are also informing the Association Council [Conselho de Associacao].

[De Sousa] Let us talk about two specific aspects of your future EU membership. As you know, Portugal has benefited from the transfer of EU structural funds, important for its economic development. With the eastward enlargement, it is feared in Portugal that the competition for those funds will increase and that the country will be disadvantaged. How are these fears viewed here?

[Horn] We must consider two aspects. We are now drawing up a report on Hungary's situation up to the end of 1995. Clearly, the situation will improve considerably by the year 2000, and we are presenting the programs that the Hungarian Government wishes to carry out. The EU will plan its budget for 20 countries, accepting an increase of five. It is clear that the EU's budget will also have to be adjusted to the situation. Another important factor is that the EU's GDP will increase considerably by the year 2000. So I do not believe that Portugal will be disadvantaged. It is clear that Portugal must also decide whether the young democracies such as Hungary can or cannot join. The basic issue in membership is not receiving more or less structural funds but a fundamental matter of European development.

[De Sousa] Another important point is agriculture. In the EU, there are deep fears concerning the integration of the agricultural system of Central and East Europe; largely because it will be very expensive, and also because of matters to do with competition. Do you accept these fears and hope that the necessary money will come from the EU?

[Horn] Here, too, we must consider two aspects. In Hungary, the agricultural structures are being radically changed; I do not wish to talk about the other associate countries. We wish to make Hungarian agriculture compatible—not competitive—with that of the Fifteen, but the absorptive capacity in the East European markets is very considerable and will remain so for many years. I do not believe the figures recently published are current. We must consider the development of and the change in the agricultural structures.

Another point to be considered is that the conclusion of the European agreement also means that Hungary is opening its market and its agriculture to the EU. At least 45 percent of foodstuffs are of foreign origin. If French and Portuguese products reach Hungary, we can also demand that Hungarian products have the same terms. We must also bear in mind that in Hungary and in the other associate countries the change cannot be made without support.

Last, I wish to point out that, when the Union was enlarged to Portugal and Ireland, a separate fund was set up for the new countries that had just joined. At least as far as I know, no fund of that kind is going to be set up now, but we can also accept that.

[De Sousa] It has been found here that public opinion is more in favor of joining the EU than of joining the Atlantic alliance. What is the reason for that?

[Horn] Because the EU closely affects people in the areas of everyday life, of the living standard, the economy, and development. With respect to NATO, there are at least two objections on the public's part. Some people ask why we should join another organization after having freed ourselves from the Warsaw Pact, and they also believe that membership is very expensive. When I talk with people, I raise the two matters. There is a great deal which people do not know about NATO's actual functioning and the situation within NATO. That is why an effort to explain must be made. I recently made a speech on that matter in the Hungarian parliament, and there was no negative reaction, although I raised the sensitive issues. There will be a referendum on joining the EU and NATO. This is already in the government's program, but we still have time for that.

Security Guarantees

[De Sousa] Another aspect of Hungary's rapprochement with the West has to do with joining NATO. Is the reason for that intention because Hungary feels threatened by the former Soviet Union?

[Horn] We have supported joining NATO from the outset. We need security guarantees. It is NATO's joint protection which can guarantee security. The EU also has a Common Foreign and Security Policy (CFSP), but does not have the resources for that. Only NATO has them. We wish to be a member to strengthen our security throughout Central Europe. As far as the Russians are concerned, it is not they who decide whether or not we are going to join. That is a sovereign right. We are holding consultations with the Russians. We reject a European security model without Russia. Moscow must also take part in security issues, but joining or not joining NATO is a Hungarian sovereign decision.

[De Sousa] Do you also wish to join the Western European Union (WEU)?

[Horn] We are negotiating membership. The role which the WEU could play is now being sought. There is very close cooperation, and we are taking part in all its activities.

[De Sousa] But, I repeat: Do you believe that that Russia is a threat to Hungary?

[Horn] Russia is no threat to Hungary, but the whole region of Central and East Europe is unstable. We want the region to be stabilized, and I believe that participation in NATO is a factor of stability.

Hungary: New Defense Official To Concentrate on NATO Strategy

LD1505221696 Budapest Kossuth Radio Network in Hungarian 2000 GMT 15 May 96

[FBIS Translated Text] Istvan Gyarmati was the majority candidate for the post of OSCE secretary general until his nomination was withdrawn due to Slovakia's objection. In his new post, Gyarmati will continue to work in foreign policy. As deputy state secretary at the Ministry of Defense, he will prepare for Hungary's NATO entry. Today he was heard by parliament's Defense Committee. Tamas Luigits reports:

[Luigits] According to the new deputy state secretary, the general raising of the defense budget is not enough, although necessary, for meeting the terms of NATO entry.

It would be useful to set aside budget resources for special tasks, such as training facilitating NATO-compatible command and international activities promoting cooperation.

According to Istvan Gyarmati, the country's evaluation abroad should also be improved because we are underselling our achievements, which have been significant compared with the neighboring countries. Thus, Hungary's image in west European countries, which have the largest say in the order of accession, has been worse than it deserves.

At the same time, the neighboring countries have created a more positive image of themselves than the real picture, thanks to their better self-management.

According to Gyarmati, the fiasco is due to the fact that Hungary has no accurate strategic plan for cooperation and communication with NATO; therefore, he will try to work on that in the future.

To achieve progress, however, it is necessary to implement the armed forces' reform consistently and to adjust decisionmaking levels to NATO's requirements, which will entail a significant regrouping of staff up to the senior command level.

Hungary: Industry Ministry Said Unaware of Illegal Arms Sales

AU1505154596 Budapest NEPSZAVA in Hungarian 15 May 96 pp 1, 3

[Unattributed report: "The IKM Denies the South Slav Arms Deliveries"]

[FBIS Translated Text] In the past five years, Hungarian entrepreneurs have exported an annual average of $20 to 25 million worth of weapons and military technical equipment. The Firearm and Gas Equipment Factory [FEG] is the leading exporter of self-defense weapons sold to the United States. To the knowledge of the Industry and Trade Ministry [IKM], contrary to Washington information, no Hungarian deliveries have been made to the south Slav region. The ministry could only be told about violations of the issued export permissions from foreign media reports, and this has not yet happened.

The domestic military industry consists of companies—some of them owned by the Army, some are Hungarian and foreign joint ventures—which were set up to supply the Army. As a result of the liquidation of the Technika Foreign Trade Company, which had a monopoly for decades, and its three-year agony, several independent military merchant companies have been formed in Hungary. Some 65 to 100 enterprises are operating in the country. Some of these are forced to export because of limited Army purchases.

In the past five years, $120 million worth of arms have left the country. Most weapons—mainly self-defense guns—are sold by the Firearms and Gas Equipment Factory which sells about one-fifth of the total exports. Nearly 15 percent of the exports consist of military technology and telecommunications equipment and spare parts, and the remaining 65 [as published] percent are domestically produced ammunition and explosive materials, Colonel Jozsef Bode, department head at the IKM's licensing main department, told NEPSZAVA.

Most of the Hungarian manufacturers—like the FEG, the MFS Hungarian ammunition manufacturing Ltd., or the Videoton—also have foreign trade rights for military technology. In spite of this, they also have to have their deliveries approved by the Military Technology Operative Committee which was set up by a number of ministries. In accordance with the international agreements, the committee refuses to issue permits for contracts or sales if the export is intended to a country where there is civil war or for which the UN Security Council has declared an embargo, Bode stated.

However, the ministry can only learn about abuses committed by those who already have a permit through foreign media or perhaps with the help of governments. Although they are not aware of any such cases, it is a fact that a possible abuse would be followed by a thorough investigation. If it came to light that a buyer violated the commitment accepted in the contract and passed on the weapons, he would not again be able to buy from Hungarian manufacturers. It would also be examined if the Hungarian company had been aware of the illegal transaction and the procedure might even end up in the withdrawal of the export license.

Jeno Poda, opposition deputy chairman of the Parliamentary Defense Committee, also believes it is impossible that a state-approved attempt could have been made to arm the warring sides since the Kalashnikov scandal. "I have made a wide-ranging study of this issue and have not found any signs indicating this," he said.

Military experts also doubt that weapon deliveries could have gone to the warring region with the support of Hungarian Government circles. After the 1994 change of government, the new cabinet could have made its predecessor's deeds public. On the other hand, there would not have been time to bribe the new government's officials because the warring sides signed the peace in Paris in December 1995. However, we cannot know how many weapon deliveries were smuggled through the country during the war.

Hungary: Soldiers Protest Army Reforms, Demand New Wage System

LD1605111496 Budapest Kossuth Radio Network in Hungarian 0900 GMT 16 May 96

[FBIS Translated Text] A call by the Soldiers Trade Union for the immediate suspension of the army reform and the introduction of the new wage system, as laid down in the recently approved law on military service conditions, as early as 1997 has already been signed by almost 5,000 army staff.

Trade union spokesman Peter Konya said that so far, 4,000 professional soldiers have supported the call and a great number of civilians employed by the army and prison services have also signed the demands. The signatures will be presented to parliamentary Speaker Zoltan Gal next Tuesday, on Hungarian Defense Day.

Hungary: Ministry Official Defends Treaty With Slovakia

LD1505220896 Budapest Kossuth Radio Network in Hungarian 1630 GMT 15 May 96

[FBIS Translated Excerpt] The Hungarian-Slovak Basic Treaty says that the two countries strive for good neighborly relations and friendly cooperation. Istvan Szent-Ivanyi, state secretary at the Ministry of Foreign Affairs, talks to Istvan Kulcsar about chances and hopes. [passage omitted]

[Begin recording] [Kulcsar] It was said in Slovakia not long ago that they only wanted to ratify the treaty with certain addenda or a certain interpretation. This did not happen after all because today the ratification documents of the original treaty were exchanged. Why do you think the Slovak side dropped this idea?

[Szent-Ivanyi] Let us point out first that they never told us that they wanted to exchange the ratification documents with addenda. It was rather a presumption that, of course, was supported by certain statements. So, from the beginning our position was that Slovakia would like to carry out the exchange of the documents in line with international practice and international law. And that is how it happened today. [passage omitted]

[Kulcsar] The treaty's critics have blamed the Hungarian Government for having concluded a treaty with Slovakia at a time when the rights of the Hungarian minority are being curbed by the language law and numerous other decrees. Now that the Hungarian Government has also endorsed this treaty, does it not mean the government is giving its blessing, indirectly of course, to these actions?

[Szent-Ivanyi] In my opinion, no. We give our blessing to what this treaty contains. The treaty creates the legal possibilities to turn to international forums in matters such as the Language Law and the Administration Law, not only for us but also for those Slovak citizens who are directly affected, as it will become part of the Internal Law. [passage omitted]

True, developments in Slovak minority policy over the past year have not been pleasing but they have clearly followed the [Slovak] government party's program, thus we disagree with the opposition argument that they could be a consequence of the treaty. This policy would have been implemented even without the basic treaty. In our view, this basic treaty could be good and time will show whether it will really be good for averting, or at least easing, those consequences unfavorable to minorities. [end recording]

Hungary: Article Views Hungarian Minority Education Issues

96CH0074B Budapest HETI VILAGGAZDASAG in Hungarian 2 Mar 96 pp 64-67

[Unattributed article: "Minority Education: A Class Struggle"]

[FBIS Translated Text] *Reduction, deterioration, repression—experts like to use these terms to describe the situation in the native-language education of Hungarians beyond the borders. The difference between the individual countries concerning the situation is that in some the educational assimilation of the Hungarian minority is expedited even through legal and administrative measures.*

The daily paper MAGYAR NEMZET reported in early February that the Ungvar [Uzhhorod] State University's Hungarian Department is facing the danger of being closed. It was pointed out in the paper that the closing would mean that the most important base for teachers training in the Hungarian language would be practically abolished in Subcarpathia, leading to an acute shortage of teachers in a few years—and thus to the closing of Hungarian schools.

The above example may be considered a symbol of the situation concerning the education of Hungarians living in the neighboring countries—especially in view of the fact that during recent years Ukraine was frequently mentioned by Hungarian politicians dealing with minority issues as a kind of a "model kid" and the practices there as manifestations of an exemplary minority policy. For instance, it is stated in the report prepared last year by the Office for Hungarians Beyond the Borders [HTMH] that the number of students admitted to Hungarian-language schools in Ukraine has been steadily increasing since 1990 and, thanks to "having been able to halt and reverse the internationalization of schools," i.e., the proliferation of mixed-language institutions, a dozen "purely" Hungarian-language elementary schools, 30 eight-year schools, and 14 high schools were operating in 1995. The writers of the report also consider it an achievement in the minority school issue that an eight-year Hungarian high school was opened in Beregszasz [Berehove] after a 47-year pause, that a class at a Hungarian [Calvinist] reformed high school was started in Nagybereg [Berehi], and that several Hungarian-language groups were established in a few trade schools in Subcarpathia.

Minority education seems just as orderly in Slovenia. True, there have been only bilingual schools there since deserted Hungarian schools were closed in the early 1960's. This situation is somewhat reminiscent of the situation of the few thousands of Hungarians living in Burgenland, where the reason for the absence of serious native-language education is not the government's minority policy but rather the minority's assimilation. In Slovenia, not only bilingual kindergartens and elementary schools but also high school programs are operated (in Lendva [Lendava]), and in 1980 an independent Hungarian department was established at Maribor University.

In Croatia, 1,100 Hungarian students studied in native-language schools in 1968, and by 1990 their number decreased to 661; during the same period, the number of kindergartners increased from 142 to 234. These data may even allow one to make a surmise with regard to the school strategy of Hungarians in Croatia, namely, parents think separately of the native language as a vehicle of cultural legacy and the importance of the official language that helps build careers. This is what is also suggested by the proliferation of the so-called schools for fostering the native language, i.e., schools in which the Hungarian language and culture is taught only as a subject: there were only two such schools in 1968 but there were already 25 ten years later, and the number of students in these schools grew during the same period from 42 to 1,100 (true, their number decreased to 729 by 1994).

Statistics of native-language education in Vajdasag indicate an even greater decrease: in 1991 about 45,000 children attended Hungarian-language elementary schools, but by 1993 their number decreased to 24,700, i.e., almost by half. It was a serious blow when teacher training in the Hungarian language at the Szabadka college was discontinued in 1994 by order of the Ministry of Education. Incidentally, there must be 15 applicants to start any minority class in Vajdasag; classes smaller than that can only be started by ministerial approval. Since it is not known until the last moment whether or not the minimum number of students is reached in the high schools, many parents enroll their children in Serbian classes to begin with. Incidentally, the curriculum of minority schools does not differ from that of majority schools, consequently many great events of Hungarian history and many great representatives of Hungarian literature are not mentioned in Hungarian schools.

"The 1995 chronicle of Hungarian education in Slovakia is written in black letters," writes Laszlo Szigeti in the introduction of his book, *The Situation in Our Education*, published in Pozsony. The reason for his pessimism is, as revealed in the book, that the Meciar administration announced in its program the introduction of a so-called alternative instruction. This means that parents have the right to request Slovakian instruction even in nationality schools, and this, according to Szigeti, may lead to a "bilingualization" of the present "purely" Hungarian-language schools. Incidentally, 12,000 of 174,000 kindergartners, 45,500 of 650,000 elementary school students, and 4,500 of 65,000 high school students in Slovakia attended Hungarian-language institutions in the 1994-95 school year. All in all, 75,000 of 101,000 Hungarian students studied in their native language, i.e., one out of every four Hungarian youth attended Slovakian schools.

Moreover, decisions connected to the selection of the language of instruction are different in the various areas of residence. For instance, 89 percent of Hungarian students in the Dunaszerdahely district, 87 percent in the Komarom district attended Hungarian-language schools in 1994, and even in the Kassa district—where Hungarians constitute only 16 percent of the population—74.5 percent of the students chose Hungarian schools. The areas of Pozsony and Nyitra are at the other end of the scale, where only 58 and 55 percent of students, respectively, wanted native-language education. True, the percentage of Hungarians in these areas is only 6-7 percent. In Romania, where 7.1 percent of the people considered themselves Hungarians at the 1992 census, 6.5 percent of kindergartners, 5.1 percent of elementary school children, and 4.4 percent of high school students studied in their Hungarian native language. While the number of children in Hungarian kindergartens increased from 45,000 to more than 49,000 from 1990 to 1993, the number of elementary school children studying in Hungarian decreased from 79,000 to 68,000 during the same period. This may be due, at least in part, to the general population decrease, for a decrease in the number of Hungarian children attending Romanian schools also took place: the number of kindergartners in this category decreased from 13,000 to 7,000, and the decrease in the number of elementary school children and high school students was 8,000 and 8,000, respectively, during the period mentioned.

Interestingly, the number of teachers did not follow this downward trend. In the early 1980's, 12,700 persons were teaching in Hungarian in Romania: their number decreased to 10,000 by the end of the decade but then began to rise again: by 1993, the number of kindergarten, elementary school, and high school teachers approached 14,000. According to the data of the Democratic Union of Hungarians in Romania (RMDSZ) [UDMR in Romanian], the national average of the student-teacher ratio was 17 to 1, whereas this ratio for students in Hungarian schools was only 15.7 to 1. Moreover, 25 percent of the Hungarian educators did not have a professional degree.

"Instruction shall be in the Romanian language at every level. Romanian-language classes shall be set up and operated in every town." These are two, not entirely clear, sentences in the education law legislated last year, which may open a new era in the education of minorities living in Romania. At least this is what the RMDSZ's educational experts are afraid of. They say that, in applying the passage above, first bilingual instruction in Hungarian schools will be introduced and then Hungarian classes will be eliminated under the pretext of cost reduction. Moreover, according to the RMDSZ, this is not even the most "dangerous" part of the statute; it is rather the one that specifies Romanian as the language for entrance examinations. For this may mean that students coming from lower-level Hungarian-language schools may be inherently disadvantaged in comparison with those aspiring college students who had studied the entrance examination subjects in Romanian.

Key Figures of Hungarian-Language Instruction in Romania

	Those Who Study in Hungarian	
	Number	Percent
Kindergarten instruction	47,811	6.63
Elementary school instruction	64,888	4.85
High school	58,612	5.04
Boarding school	30,774	4.06
Trade school	5,780	1.92
Higher education	787	2.35

[Box, p 65]

The linguistic freedom of minorities is judged by whether or not they can use their language in education and in conducting official business. It is characteristic of the neighboring countries that even if there are permissive passages in the statutes, they have no effect in practice. In Hungarian areas, verbal official business is generally conducted in Hungarian—assuming that the official is also Hungarian. On the other hand, written official business is conducted almost exclusively in the official language even if statutes would allow otherwise.

Until 1991, Hungarian was considered one of the five official languages in Vajdasag—since then it can be used as such only at the town level. In Romania and Slovakia, statutes do not allow for the use of the Hungarian language for official business—to the extent that class records and all administration must be conducted in Romanian and Slovakian, respectively, even in Hungarian schools. Although offices sometimes do accept documents submitted in Hungarian, the reply is invariably written in the majority language. Now a few local governments in Slovakia with Hungarian leadership and majority are trying to challenge the government: they declared the Hungarian language as "second official language" within their jurisdiction. Incidentally, by regulations, town council meetings must be conducted in the official language, but this regulation is not observed, of course, where every council member is Hungarian. But even in this case, the minutes may not be written in Hungarian. After lengthy debates, a law was made in Pozsony that local governments may indicate the name of their town in Hungarian as well. In Romania, too, the local governments may decide on Hungarian signs, but may use only the Romanian names of towns officially. In Vajdasag, using the Serbian names of towns is also mandatory, the only concession being that these names may be used together with Hungarian words, and suffixes may be attached to them in accordance with Hungarian grammar (thus, what is called Serbian Republic in Hungary must be called Sribya Republic in Vajdasag, just as Vajdasag can only be Hungaricized as Vojvodina Autonomous Province).

In Romania, Hungarian may not be used in the courts, except as a foreign language through an interpreter. In Slovakia, Hungarian is accepted nowhere except in penal proceedings. In Vajdasag, legal proceedings can be conducted in Hungarian in principle, but there is practically no Hungarian judge. Documents submitted to courts may be written in Hungarian, but court decisions may only be written in the official language. Public servants, police officers, or mailmen living in areas populated by Hungarians do not have to know Hungarian, but Hungarian employees usually speak in Hungarian with their customers. Health care is conducted in Hungarian—if the physician knows Hungarian—although, in Slovakia [the government] even tried to curb this through the language law. Examinations are conducted in the official language wherever there is no Hungarian physician, and this causes problems for the elderly.

In every neighboring country, most Hungarians use the majority language at work and in public life, the latter even being easier for them as they could learn the technical language only in the official language. Even in larger communities, the majority language is used as soon as a non-Hungarian is present.

Hungary: State Treasury First-Quarter Progress Report

96CH0078B Budapest HETI VILAGGAZDASAG in Hungarian 9 Mar 96 pp 117-118

[Article by Agnes Gyenis: "Treasury-Related Developments; Pepper-and-Salt Funds"]

[FBIS Translated Text] *The Hungarian Treasury, established as of 1 January of this year, has survived the initial difficulties during its first weeks: it is functioning more or less smoothly at one-tenth of the budget-financed institutions. The latest development in conjunction with establishing the Treasury has been the cessation of the State Development Institute, Inc. (AFI Rt.) at the end of February. Practically during its demise, AFI Rt. has provided a headquarters for the Hungarian Treasury.*

"I am of two minds about the new system of Treasury financing," admitted Pal Becker, the financial director at Budapest University of Economics (BKE). When a member of parliament for the MDF [Hungarian Democratic Forum], he had been state secretary at the Ministry of Finance. In his opinion, establishing the Treasury to control the state budget's resources is undoubtedly useful. At the same time, the institutions financed from the state budget might encounter even financial difficulties if the new system does not prove sufficiently flexible.

"As of 1 January, the 1,500 central budgetary institutions and the six separate state funds financed by the Treasury cannot blame the new system if they run out of cash, because they receive their provisions in full and in due time," claims Jozsef Thuma, the Treasury's chairman. Actually, the Treasury is functioning similarly to a bank at which the institutions maintain their current accounts. But the Treasury is not a licensed bank, nor does the Banking Law apply to it. Under the Public Finance Law, it may provide loans only for local governments, the social-insurance funds, and the separate state funds.

But whereas in the past the entire monthly provision for each institution was actually credited to the institution's current account on the first day of each month, and the institutions were free to use the money as they liked during the entire month, now the money appears in their accounts only "in principle." Thus the budgetary institutions' ability to earn interest on their temporarily idle cash has ceased with the stroke of a pen. Up to now they were able to earn interest, and they preferred to invest in high-yield government notes. "Now, idle cash is kept in the Treasury's account with the Hungarian National Bank, and the central bank pays the Treasury interest on the balance, at the basic rate," notes Jozsef Thuma with satisfaction.

Meanwhile the state budget's current financing is the responsibility of the Center for the Management of State Debt which, contrary to earlier promises, has not yet been merged into the Treasury. According to Jozsef Thuma's latest promise, the merger will take place in March. And as of July, the Treasury will take over the 18 provincial and two Budapest branches of the Hungarian National Bank. But the Treasury's role has already saved the state between 40-50 billion forints [Ft], because that much less money is needed in the consolidated fund for the budgetary institutions' provisions, and therefore that much less has to be borrowed. On the other hand, the costs of establishing the Treasury already add up to Ft350 million and might reach 1.5 billion this year. All this is by no means little, especially if we consider that the Treasury has saved Ft850 million through the fact that AFI, before its cessation, acquired a headquarters for the Treasury (see our boxed insert).

On the other hand, the budget-financed institutions have lost out, quite heavily. For instance, the universities—according to the grievances presented at the conference of their directors general held in Balatonfured—will henceforth be unable to spend freely even their own revenues, such as the grants for their various programs. Such money, too, will have to be remitted to the Treasury. And that, the universities claim, is an infringement of their autonomy, the existence of which the Constitutional Court has also confirmed. For example, the own revenue of Budapest University of Economics is expected to be Ft400 million this year, which is a fifth of the provisions that the university gets from the state. Not quite so, Jozsef Thuma objects. "The own revenues that flow into the consolidated fund one day are available to the organizations for spending the next day."

Even more pressing is the situation of the hospitals. Admittedly, the National Health Insurance Office that finances hospitals does not yet belong to the Treasury, but the university clinics receive a significant proportion of their provisions through the Treasury. The Teaching Hospital of Semmelweis Medical University, for instance, operates with a budget of Ft1.35 billion and is forced to forgo between 30 million and Ft35 million of interest income. And last year, the National Rehabilitation Institute earned 1.0 percent of its budget, about Ft5.0 million, by investing its temporarily idle cash, Chief Accountant Ibolya Selymesi recalls the good old times. But according to the finance officers, the hospitals' real problem is that they are barely able to pay their wage and drug bills, and that is entirely independent of the Treasury.

At the institutions, ignorance and unfamiliarity with the complicated paperwork that the Treasury demands have generally caused the greatest problem so far. The financial directors claim that they received only in February the handbooks containing detailed instructions on how to correctly fill out all the Treasury forms, and the codes that have to be used for the various transactions. But Jozsef Thuma contends that the handbooks were completed in December. "If somebody enters the wrong code, the item turns up at the Treasury as unidentifiable revenue, and it takes a long time to straighten out the situation," Ibolya Selymesi complains. But the institutions are mostly concerned about the future. At present the Treasury is able to check only overall whether or not an institution has adequate funds to pay bills that are due. But later on, as the Treasury's "technology" develops, the system will be able to monitor every item of expenditure specifically. Thus, if the current month's budget for material expenses had run out, a hospital might be unable to replace, until the following month, a battery of valves that had unexpectantly failed. In case of an emergency, the hospital would not be able to borrow even that much from its cash desk. From the cash desk—the maximum amount of its cash on hand has to be specified in the institution's internal regulations—it is possible to pay only the foreseeable expenditures for which the institution has requisitioned cash from the Treasury.

However, the Treasury under Jozsef Thuma will be taking over the financing of the entire state budget at a much slower rate than what the public-finance experts had foreseen last year. The reason behind the slower rate is a study that was financed by the World Bank. The study concluded that to force, within a single year, the new method of financing on all the approximately 20,000 budget-financed and local-government institutions, as well as on the social-insurance funds, would involve too much red tape, risk, and high costs. Not to mention the fact that the consent would first have to be gained of the boards administering the Pension Insurance Fund and Health Insurance Fund respectively, as well as the municipalities. Thus—at least according to present plans—the two social-insurance funds will be included in Treasury financing only as of 1 January 1997; and the municipalities, as of 1 January 1998. Assuming of course that Peter Medgyessy, the new finance minister, agrees with his predecessor's concept. But it is also possible that he might revert to the French-type Treasury system, which is more bureaucratic and stricter than the present one, and which Laszlo Bekesi still favored but Lajos Bokros immediately rejected upon taking office.

[Box, p 118]

The State Development Institute's Demise

Representing the state as owner, the Ministry of Finance terminated the State Development Institute, Inc. (AFI Rt.) on 29 February, two months later than originally planned. Bela Horvath, the head of the FKgP [Independent Smallholders' Party] chairman's office, said the following in an interview with HETI VILAGGAZDASAG: "In the opinion of the FKgP, the Constitutional Court will have to decide the constitutionality of that passage in the Public Finance Law on the basis of which AFI has to be terminated in a way such that the appropriate provisions of the Business Associations Law and of the Bankruptcy Law do not apply." The Smallholders are concerned that in the future the government might let any state-owned corporation evade the fundamental laws regulating the economy's players. The FKgP, it was said, had submitted all this to the Constitutional Court already on 6 January, but the "bomb" exploded only thereafter: It turned out that, three days before its demise, the AFI had purchased a headquarters for itself for Ft850 million. Or rather for the Hungarian Treasury, which inherits AFI's infrastructure and partially continues its activity.

The building acquired from Budapest Bank has nearly 7,000 square meters of floorspace and is located at 6 Szechenyi Rakpart, next to the Office of Tax and Fiscal Auditing. Budapest Bank had obtained title to the building from the former Meat Industry Service Enterprise, in settlement of a blocked claim. While the Smallholders are labeling Budapest Bank's acceptance of AFI's offer for the building as the squandering of state funds, others are calling it a good bargain. After all, the building on the Danube embankment was worth Ft1.0 billion on 15 February 1995 [as published], at least according to the latest appraisal prepared by the Deloitte & Touche accounting firm and commissioned by Budapest Bank. According to a letter of intent signed a year earlier, however, the bank was committed to sell the building to AFI, and the bank's new foreign owners—America's General Electric Capital and the European Bank for Reconstruction and Development—honored this commitment. "In the final outcome, we have not faired badly. The Ft850 million has already been credited to our account," said one of the bank's managers who wished to remain anonymous. After the series of scandals it went through last year, Budapest Bank probably was reluctant to renege on its agreement with AFI. In this case AFI proved to be "a strong lion even in its death." Budapest Bank's reluctance to renege was perhaps the greater because it had been AFI that had provided a headquarters for Budapest Bank, on 21 February 1995. On the decision of the Ministry of Finance—it was the largest shareholder in Budapest Bank and the sole shareholder in AFI—AFI had transferred to Budapest Bank, as a capital contribution in kind, its headquarters at 5 Deak Ferenc Utca valued at Ft2.8 billion (allegedly less than the building's market value). AFI had received in exchange a block of Budapest Bank shares worth Ft2.6 billion at their face value. This move simultaneously ended the years of litigation between Budapest Bank and AFI over title to the building. In the meantime, the Ministry of Finance purchased the block of shares from AFI, according to information that HETI VILAGGAZDASAG has received from Mrs. Kalman Simoka, the chairwoman of the Directorate for the Management of State Properties (KVI), which is the legal heir to AFI's assets. As "compensation" for having been deprived of its headquarters, AFI leased its former premises from Budapest Bank at a reduced rent—Ft14,000 per square meter and year. The Hungarian Treasury, which has inherited AFI's offices, is paying Budapest Bank the same rent at present.

The KVI has gained from the headquarters deal that had been dragging on for a year. It has acquired the mentioned headquarters building, together with all other assets of the former AFI, namely, its shares, stakes, equipment, real estate, and leases. AFI's cash and deposits have been taken over by the Treasury. "In all, we have received assets with a face value of Ft23.1 billion. That includes Ft6.3 billion of AFI's own investments, and Ft16.9 billion that AFI was managing for the state," we learned from Mrs. Kalman Simoka. (The way this latter equity capital accumulated was that AFI had been collecting from the enterprises the state loans, of the order of Ft100 billion, granted them on favorable terms prior to 1991; and when debtors had been unable to repay the loans, AFI had converted the debt into equity.) The development corporation had got rid of its business interests in recent years. For example, it had sold its AFI Felszamolasi es Vagyonkezelesi Rt. [AFI Liquidation and Asset Management Corporation] already last year. And it transferred, as a capital contribution in kind, its AFI Broker Ertekpapirforgalmazo es Befektetesi Rt. [AFI Broker Securities Trading and Investment Corporation] to the Hungarian Investment and Development Bank Corporation (MBFB), which is likewise state-run and happened to be partially owned by AFI. MBFB allegedly paid for this capital contribution with its own shares.

B-H: Security Measures Reportedly 'Stepped Up' in Banja Luka

AU1605113996 Belgrade VECERNJE NOVOSTI in Serbo-Croatian 16 May 96 p 12

[Unattributed report: "Security Measures Have Been Stepped Up"]

[FBIS Translated Text] As we have learned, security measures in Banja Luka have been stepped up. The checks of car drivers and passengers have become more frequent. A considerably greater number of policemen has been observed in the streets. Snipers have also been noticed on the higher buildings in the city center and on the roof of Banski Dvori, where Kasagic's office and the office of RS [Serb Republic] President Radovan Karadzic are situated!

It is not known, however, whether the security measures have been stepped up because of the replacement of Rajko Kasagic as prime minister, or because NATO Secretary General Javier Solana and U.S. General George Joulwan, commander of NATO forces for Europe, are supposed to arrive here to meet with Rajko Kasagic.

B-H: Bildt-Kasagic Joint Statement on Continued Cooperation

LD1605121496 Belgrade TANJUG Domestic Service in Serbo-Croatian 1152 GMT 16 May 96

[FBIS Translated Text] Banja Luka, 16 May (TANJUG)—The international community "does not recognize unlawful acts" and will continue cooperating with Prime Minister Kasagic's government, says a joint statement issued today by Carl Bildt, high representative of the international community, and Serb Republic Prime Minister Rajko Kasagic, who was relieved of his duties as prime minister by Serb Republic President Radovan Karadzic yesterday.

The statement says: "Following our joint statement on 10 May, we shall continue working together in the interests of the full implementation of the peace agreement to the benefit of the people of the Serb Republic and the whole of Bosnia-Herzegovina."

"Together we are resolved to dispel the forces of isolationism, which by their actions pose a threat not only to the implementation of the peace agreement, but also to the peace and prosperity of the Serb Republic. We are convinced that our future lies in cooperation, not in confrontation," says the joint statement issued by Bildt and Kasagic.

B-H: Kasagic Claims Karadzic Presidency 'Unlawful'

LD1605101696 Belgrade SRNA in Serbo-Croatian 0956 GMT 16 May 96

[FBIS Translated Text] Banja Luka, 16 May (SRNA)—Rajko Kasagic, the sacked prime minister of the Serb Republic, confirmed today that Serb Republic President Radovan Karadzic "had the constitutional right to replace" him.

At a news conference in Banja Luka, he also presented a completely contradictory stance saying that Karadzic's "presidency is unlawful."

"Our stances diverged on internal policy issues," Kasagic said, and contrary to yesterday's decision by the Serb Republic government, he said he would continue to discharge the duties of prime minister until a new prime minister is appointed.

Kasagic also voiced a series of groundless accusations against the state leadership of the Serb Republic and tried to present himself as the only person in the state leadership who is conducting "the right policy."

B-H: Kasagic Comments on Dismissal by Karadzic

AU1605095796 Paris AFP in English 0946 GMT 16 May 96

[FBIS Transcribed Text] Banja Luka, Bosnia-Herzegovina, May 16 (AFP)—Rajko Kasagic, dismissed as prime minister of the Bosnian Serb entity by Radovan Karadzic, said Thursday the Bosnian Serb president was not "a legitimate leader" because he had not been elected by the people.

Karadzic "was not elected by the people as called for in the constitution, but by a self-proclaimed parliament," Kasagic told a press conference in this northwest Bosnian city, where he was due to meet with Carl Bildt, the top civilian representative in Bosnia overseeing implementation of the peace accords.

Kasagic, 53, seen by western governments as an acceptable alternative to the hard-liners in Bosnian Serb government, was dismissed Wednesday by Karadzic, the Serb "president."

"I repeatedly told Karadzic that we could not ask for more than what was laid down in the Dayton (peace accords), that is that Republika Srpska [Serb Republic] was an integral part of Bosnia-Herzegovina," Kasagic said, adding that his policy of "opening up to the world" was the "only reason" for his ouster.

A champion of the moderates, based in the western half of the entity, Kasagic last week at a series of meetings here called on Serb leaders to fully implement the peace accords, which was interpreted as an implicit call for Karadzic to step down.

The Serb "president," responded with the sacking, saying in a statement Kasagic had "considerably harmed the Serb Republic, which would have inevitably endangered fundamental interests of the state and the people."

Bildt meanwhile arrived here earlier Thursday. Also visiting this Serb stronghold is NATO Secretary General Javier Solana.

B-H: 'Pressure' on NATO, Belgrade 'To Act Against' Karadzic

AU1605093696 Paris AFP in English 0841 GMT 16 May 96

[By Peter Cunliffe-Jones]

[FBIS Transcribed Text] Sarajevo, May 16 (AFP)—Pressure was expected to grow Thursday on NATO and Belgrade to act against Serb hard-liner Radovan Karadzic after he sacked a moderate as prime minister of the Bosnian Serb Republic.

NATO chief Javier Solana and Carl Bildt, the top civilian official overseeing the peace process in Bosnia, were both expected in the northern town of Banja Luka Thursday to see the ousted Serb premier, Rajko Kasagic.

Kasagic, 53, seen by western governments as an acceptable alternative to the hard-liners in Bosnian Serb government, was dismissed Wednesday by Karadzic, the Serb "president."

Speaking late Wednesday in Washington, Bosnian Prime Minister Hasan Muratovic, premier for the republic of Bosnia-Herzegovina, called for NATO, which is spearheading the peace implementation in Bosnia, to arrest Karadzic as an indicted war criminal.

NATO has "the right" to arrest Karadzic but there is "no good will," Muratovic told Cable News Network television.

"Everybody knows that there will be no improvement in human rights, in restauration of democracy there before he and other war criminals... are removed," he said.

A NATO spokesman in Sarajevo said however Thursday that NATO policy had not changed, implying that criminals will be arrested if the Bosnian peace Implementation Force [IFOR] comes across them but will not seek them out.

But the NATO chief said he would still refuse to accept the sacking of the Serb prime minister.

"The decision by Karadzic to sack Rajko Kasagic is null and void," Solana said during a visit to Luxembourg, calling Kasagic "the only spokesman" for the Serb government.

Speaking in Sarajevo, Bildt called on the Serbian President Slobodan Milosevic to do his part to remove Karadzic.

The Serbian president, who sponsored the rise of Karadzic in Bosnia, signed the Dayton peace deal for the Bosnian Serbs in December.

Under the accord, Karadzic and anyone indicted by the International Criminal Tribunal for the former Yugoslavia is banned from holding public office.

Now Milosevic, as signatory of the accord, should act, Bildt said Wednesday.

Otherwise, Milosevic "becomes a sort of part of this behaviour, and that should obviously, and could obviously have implications for our dealings with President Milosevic," Bildt warned.

According to diplomats, the Serbs' political battles ahead of elections in September have recently degenerated into a violent struggle between Karadzic and a cabal of hard-liners based in the Serb "capital" Pale, outside Sarajevo, and Kasagic and other moderates based in the northern town of Banja Luka.

One diplomat and UN aid workers told AFP this month there was a "very real" struggle going on. Death threats had been made to moderates by the hard-liners, most notably in the more hard-line eastern half of the Serb entity, the diplomat said.

As champion of the moderates, based in the western half of the entity, Kasagic last week at a series of meetings in Banja Luka called on the Serb leaders to fully implement the peace deal, interpreted as an implicit call for Karadzic to step down.

The Serb "president," responded with the sacking, saying in a statement Kasagic had "considerably harmed the Serb Republic, which would have inevitably endangered fundamental interests of the state and the people."

This, Bildt said Wednesday, was something the international community can "hardly tolerate."

B-H: NATO's Solana Declares Kasagic Dismissal 'Null and Void'

AU1505191896 Paris AFP in English 1845 GMT 15 May 96

[FBIS Transcribed Text] Luxembourg, May 15 (AFP)—NATO Secretary-General Javier Solana refused Wednesday to recognise the sacking of moderate

Bosnian Serb Prime Minister Rajko Kasagic by hardline Serb leader Radovan Karadzic.

"The decision by Karadzic to sack Rajko Kasagic is null and void," he said during a visit to Luxembourg, adding that he intended to stick to a scheduled meeting with Kasagic in the Serb stronghold of Banja Luka on Thursday.

Solana said Kasagic remained "the only spokesman" for the Republika Srpska, one of two entities along with the Moslem-Croat Federation controlling Bosnia, while Karadzic was an indicted war criminal.

The sacking of Kasagic, who has made no secret of his support for the peace process and his distance from more hardline Serb leaders, was the latest sign of a rift in the Bosnian Serb leadership.

Earlier Wednesday, a North Atlantic Treaty Organisation official said that the dismissal was a blow to the Bosnian peace process.

The official said NATO wanted to "encourage leaders (who were) open" to the peace process to "remain in their jobs."

B-H: Karadzic Says Kasagic Replaced Because of 'Inexperience'

LD1505164496 Belgrade SRNA in Serbo-Croatian 1602 GMT 15 May 96

[FBIS Translated Text] Sarajevo, 15 May (SRNA)—I believe that Kasagic is a well-intentioned and honest man and that his mistakes were the consequence of inexperience in politics, Radovan Karadzic, president of the Serb Republic, said at a government session in Pale today, explaining his decision to replace Prime Minister Rajko Kasagic.

Karadzic said he made this decision guided by state interests and after consultation with deputies of the Serb Republic People's Assembly.

"We must implement the adopted policy on the basis of which our people voted for us, and no one has the right to change it," the president of the Serb Republic warned, adding:

"We cannot act on our own, in contravention of state institutions. Such actions only encourage our enemies to hope, and extend our suffering."

B-H: Draganic Named Interim 'Chairman' After Kasagic Ouster

AU1505191296 Paris AFP in English 1853 GMT 15 May 96

[FBIS Transcribed Text] Sarajevo, May 15 (AFP)—The self-styled Bosnian Serb government on Wednesday named Milomir Draganic as its interim "chairman" to replace Rajko Kasagic, who was earlier sacked as premier, official Serb television said.

Draganic, vice-prime minister for the economy and finance, "will chair the government until the election of a new prime minister," the official Serb television said.

Serb television said Karadzic had Wednesday told a meeting of the "government" in Pale, situated just outside Sarajevo, he was fully entitled to sack Kasagic under the Serb constitution.

It added that Serb "foreign minister" Aleksa Buha, a noted hardliner, had been tasked with coordinating relationships with the NATO-led Implementation Force.

Under the terms of the Dayton peace accord, Karadzic, an indicted war criminal, cannot hold or run for political office in Bosnia.

B-H: Serb Foreign Minister in Charge of Contacts With IFOR

LD1505183996 Belgrade SRNA in Serbo-Croatian 1804 GMT 15 May 96

[FBIS Translated Excerpt] Sarajevo, 15 May (SRNA)—The government of the Serb Republic today appointed Foreign Affairs Minister Aleksa Buha as member of the joint civilian commission for the implementation of the Dayton agreement, until the election of a new Serb Republic prime minister, and also as coordinator for relations with IFOR [Implementation Force] and the international community.

At the session, which was chaired by Deputy Prime Minister Milomir Draganic, the draft budget for 1996 was approved and the draft ammesty law was adopted. [passage omitted]

Serb Republic President Dr. Radovan Karadzic is taking part in the work of the meeting.

B-H: Serb Foreign Minister Says Kasagic Ignored State Policy

LD1605125396 Belgrade SRNA in Serbo-Croatian 1147 GMT 16 May 96

[FBIS Translated Text] Sarajevo, 16 May (SRNA)—Dr. Aleksa Buha, foreign minister of the Serb Republic, told SRNA today that the replaced prime minister, Rajko Kasagic, "disregarding the clear standpoints of state institutions, took it upon himself to try and alter the state leadership's policies."

Minister Buha explained that Kasagic failed to heed the standpoints of the People's Assembly, the president of the republic, the main committee of the Serb Democratic Party [SDS], and the government itself.

"Personnel difficulties in the functioning of the government of the Serb Republic in its present composition are as old as the government itself. Instead of coordinating, and injecting dynamism into the work of the ministries, and concentrating all efforts on revitalizing the economy and on improving the work of the state services, Mr. Kasagic leapt into headline-grabbing politics," the Serb foreign minister explained.

He said that "his ineptitude in this post led to a series of statements and actions by him which aroused the hopes of those who do not conceal their intention to get the state independence and borders of the Serb Republic quashed, by implementing the Dayton agreement."

Mr. Kasagic was warned on several occasions of the damage his actions were causing. "One and a half months ago an initiative by the SDS club of deputies that Mr. Kasagic be dismissed from this post was stopped," Minister Buha recalled, and added:

"At a government session, the ministers demanded that the prime minister give up his freebooter [slobodan strelac] role, and the vice presidents on several occasions requested President Karadzic that this practice be ended. President Karadzic himself tried to correct Kasagic's actions as he went along, but Kasagic failed to comprehend any of this."

"Thus, it was that we entered a crisis situation which could not have been resolved in any other way," Buha said, and added that "all 17 members of the government who took part in last night's session supported President Karadzic's decision."

"It is unfortunate that one failure caused a whole string of other mistakes. I am thinking of the statements of Mr. Carl Bildt, Klaus Kinkel, and Javier Solana, and I want to believe that these statements were overly hasty, even if they were prompted by the betrayed hopes which these gentlemen had in the former prime minister," Minister Buha said.

The Serb Republic foreign minister is "amazed by this kind of reaction to a normal democratic procedure while at the same time the Muslim leadership's warmongering is being ignored and hushed up."

"As for the Dayton agreement, the Serb Republic will continue to implement its clear and unambiguous provisions with no preconditions. In the case of ambiguous and incomplete provisions of the Dayton agreement, the Serb Republic will have no difficulty abiding by the interpretations it finds acceptable," Minister Buha said.

He expects "representatives of the international organizations and countries involved in the implementation of the Dayton agreement to continue to cooperate with the legal and legitimate authorities of the Serb Republic in the way envisaged by the Dayton document."

"The international community representatives must always approach the body which, under the Serb Republic's allocation of state functions, is responsible for the task in question," Dr. Buha said.

B-H: Kasagic: Dayton Accord Must Be Respected

LD1505131896 Belgrade TANJUG Domestic Service in Serbo-Croatian 1121 GMT 15 May 96

[FBIS Translated Text] Belgrade, 15 May (TANJUG)—Rajko Kasagic, the president of the government [prime minister] of the Bosnian Serb Republic, told TANJUG's guest public debate that it is in the interest of the Serb Republic to behave in line with the Dayton agreement and to respect the agreed election rules and that "statements about the need to have our own rules are not conducive to security in the Serb Republic."

Kasagic said that it was necessary for the Serb Republic to have its representatives in the Union of Bosnia-Herzegovina in order to secure access to information about foreign investment and to make it easier for creditors to access information about the Serb Republic development programs.

He said that the recognition of the Serb Republic within Bosnia-Herzegovina with the right to special links [with Serbia] is the maximum gained in Dayton and that nothing more can or should be asked for. For, if "we continue to ask for more, we are in danger of undermining our interests and all we have achieved so far."

"I think that the Serb Republic, with just over 1 million people, cannot afford to be in collision with the rest of the world; it should rather cooperate with it, since no country can survive if isolated," Kasagic said.

According to him, relations with the Muslim-Croat federation are at the "confidence building" stage and meetings of a number of commissions and subcommissions are taking place regularly.

Kasagic expressed satisfaction with Implementation Force [IFOR] relations and said that the IFOR presence would help considerably in restoring confidence between the two entities.

Speaking about the election campaign in the Serb Republic and some incidents that have occurred, he stressed that "every party that increases tension and acts in contravention of the law inflicts damage on itself," and said he was hopeful current tensions would be overcome soon.

"I have asked the minister of internal affairs to secure conditions for the unhindered work of every party, because the constitutional basis of the Serb Republic is a multiparty political system and every instance of hindering the work of any registered party represents violation of the Constitution," Kasagic said.

With reference to the government's work so far, the prime minister said the Serb Republic still needed a sufficiently professional administration that could efficiently follow the implementation of government decisions, because decisions are implemented very slowly.

He announced some changes in the Serb Republic government, because "the government will have to be moderate, peace-oriented, and will have to refrain from statements conducive to the obstruction of the Dayton agreement."

Kasagic also expressed displeasure with the fact that the Serb Republic assembly had not held a session for nearly two months. This was the reason for a recent Banja Luka meeting of 28 deputies from Bosnian Krajina [Banja Luka area] and Posavina who wanted to ask the assembly to answer "some key questions for the Serb Republic."

These questions, according to Kasagic, refer to deciding on the capital city, since the Constitution says that the current capital is Sarajevo, which does not belong to the Serb Republic, territorial integrity, and "that the assembly should assume a stance toward the separation line near Brcko."

"I think that the deputies will raise a question about the work of some ministries, ask for greater efficiency in their work, and ask for the replacement of some ministers, if necessary," he said.

Speaking about the economic situation and prospects for the Serb Republic's economy, Kasagic said that the creation of a single market with the Federal Republic of Yugoslavia was the strategic goal and in the economic interest of all.

Stressing it was extremely important for the Serb Republic that Yugoslavia lifted its blockade immediately after the suspension of UN sanctions, he said that the first results were visible in setting up mixed firms with Yugoslav enterprises.

The contract between Cajavec of Banja Luka and Hemofarm of Vrsac [in Serbia] to set up a joint company to manufacture medicines is, according to Kasagic, an example of good cooperation between the two economies.

Kasagic said that the Serb Republic economy was in a very difficult financial position and that the lack of finance and electricity was the main obstacle in the efforts to revive production. He also said that noneconomic war damage in the Serb Republic was estimated at 15 billion German marks [DM].

The Serb Republic prime minister said that the Serb Republic needed about DM100 million to revive production and resolve the electricity problem.

He said that there had been no foreign investment in the Serb Republic economy and that an inflow of foreign capital and new credit lines could be expected next year when the situation should be considerably quieter and more stable.

Kasagic said that the Serb Republic government had prepared 2,260 economic programs, which have already been forwarded to the World Bank, the IMF, foreign businessmen, and to the [UN] office of the high representative [Carl Bildt] for the implementation of the Dayton agreement. He said that the implementation of these programs was one of the priority tasks.

The reopening, with IFOR help, of infrastructure facilities, rail lines, roads, bridges, and the modernization of the electricity network will also contribute to the efforts to revive production.

According to Kasagic, conditions for foreign assistance and capital are personnel and political changes in the Serb Republic. He insisted that the Serb Republic was in an unequal position since, unlike the Federation of Bosnia-Herzegovina, which have already been given DM235 million by international institutions, the Serb Republic has not been granted a single penny.

Kasagic said that in his recent talks with Jadranko Prlic, minister of foreign affairs of the Federation of Bosnia-Herzegovina, the two sides had agreed that the Serb Republic should make efforts "to enhance its system of cooperation with the world," since without foreign capital it will be in danger of sinking economically, and, as a result, being blamed for the possible failure of the Dayton agreement.

According to Kasagic, privatization is one of the conditions for foreign capital. Under Serb Republic plans, privatization would be based on the Czech and Montenegrin models, i.e., the use of vouchers and funds.

Kasagic said that elections in the Federation of Bosnia-Herzegovina, scheduled for September, were also a condition for foreign investment.

In reference to economic crime in the Serb Republic, Kasagic said that "once payment transactions with

Yugoslavia were restored, action was taken to deal with those who operated illegally."

According to the Dayton agreement, the Serb Republic has been given 75 percent of bauxite reserves, 65 percent of iron ore, and a quarter of coal reserves in Bosnia-Herzegovina. In addition to these areas, agriculture, the timber industry, and aluminum oxide are the sectors where first export deals should be expected, Kasagic said.

B-H: Karadzic Discusses Current Issues

LD1305230996 Pale Srpska Televizija in Serbo-Croatian 1840 GMT 13 May 96

[Studio interview with Bosnian Serb Republic President Radovan Karadzic, moderated by Drago Vukovic with questions phoned in by listeners; from the "Ask the President" program—live]

[FBIS Translated Text] [Vukovic] Dear viewers and listeners of Serb radio and TV: Good evening. This is the "Ask the President" program. I hope we are well received and heard throughout our country, in the neighborhood, and partly in the world, via satellite. Until 2200, you will be able to communicate with Serb Republic President Dr. Radovan Karadzic in this program. Mr. President, welcome to our studio.

[Karadzic] I am glad to be here.

[Vukovic] With this program, we are resuming tonight a specific way of communication between the president and the people. Unfortunately, this channel of communication was cut short last autumn after the NATO air strikes and the destruction of our transmitters. It used to be a custom and an established routine. How would you comment on this revival of our system?

[Karadzic] Since then, we have been in the studio several times, but we went to each studio separately. I also had to carry video cassettes with me and there was no direct communication with the audience.

Of course, it was very sad because they had cut us to shreds. I am overjoyed the TV has managed to revive and that we can be seen throughout the Serb Republic and also in other Serb lands. I congratulate you on this. I think you have risen from the ashes again.

A major force hit us. But the transmissions have resumed and I hope both the technical quality and the other qualities will continue to rise.

[Vukovic] Yes, this is the first phase. You know that the viewers and listeners are basically creating this program with their questions. This can signal the state and the mood in our country and be some kind of signpost for your activities.

Allow me in this program to raise several groups of questions—from the topical ones to the elections, and some basic issues on the fate of the nation and the state, in other words of our perseverance and survival.

The current issues are the following: There is a crisis in the implementation of the Dayton agreement; the Serb Republic existed before Dayton; it was recognized in Dayton. And now we are confronted with some surprising situations, to say the least.

The Muslim state and religious leadership are again advocating a unitary Bosnia and a war; Elisabeth Rehn is advocating Dayton 2; Trnka says if there is no federation another war will break out, this time probably between Muslims and Croats.

Mr. President, how do you assess the situation, and what affect can it have on the Serb Republic?

[Karadzic] You all know that we were not satisfied with the Dayton agreement. But we were firm and determined in our decision to implement it. I am not sure that the assessment, often heard in the international community, about Dayton being in jeopardy, is correct. First of all, the military document, which was of vital importance for the peace, has been implemented in full. I want to say that they are trying in the international community to create the illusion that it was implemented against our wish, by some force.

We are too strong a military power for the existing number of foreign troops. If we had not wanted it to be implemented—both the state and military leadership and our army commands headed by Mladic—that agreement would not have been implemented.

They would not have succeeded in imposing upon some Serbs [as heard] something the leadership and the people opposed. So, the military document was consistently implemented on the ground, with the absolute consent of the state leadership, the political players, and the army commands led by the headquarters and General Mladic.

And all accusations against the leadership and Mladic are invalid because nothing could have been implemented without us and without Mladic. In other words, the international community should be grateful instead of bad-mouthing our commanders. It should be grateful to our commanders that they managed, in spite of the agreement being unfavorable to us, to get these documents implemented.

As far as the civilian aspect is concerned, I believe that the crisis is not in the implementation of the agreement. The crisis is in the interpretation of the Dayton agreement. We are committed to the implementation of the

Dayton agreement. But the Dayton agreement—Dayton, yes, but less than Dayton, no.

But certain players are trying to change Dayton to our detriment. Just as they changed the map between Dayton and Paris, that is, Ohio and Washington, the U.S. Defense Department. In the transfer of the map from the 1 to 600,000 scale to 1 to 50,000 scale, they stole from us many kilometers, they took some roads. They changed, for example, the picture in Dobrinja, in place of the situation on the ground, which must remain if the international community does not intend to continue losing face. They have significantly changed the map. In the same way that they changed the map, they are trying to change the sense of Dayton in the civilian sector.

Of course it is a great risk for the international community. Because it again is choosing frustration over cooperation with the Serbs.

Again, they cannot count upon some amenable Serbs. I cannot change the policy. The policy is determined by the assembly and the people with their support, in a plebiscite and in elections. When one policy is adopted it must be implemented. My duty as the head of the executive power and the state is to oversee the work of the government and all other institutions so that they do not change that policy.

That is why their hopes that they will find amenable Serbs are in vain. It would be better if the Dayton agreement were strictly implemented. We have agreed with Holbrooke and international mediators before Geneva and before New York that Bosnia-Herzegovina is made up of two entities, above which is a very thin roof.

That very thin roof is the minister of foreign affairs. All the rest is within the authority of the entities.

Therefore, it is only the mission in the United Nations that is single; even our embassies do not have to be single—we can choose to have embassies of the Belgian type, with one department for the Serbs, i.e., the Serb Republic, and another for the federation, if the third department for the Croats does not emerge, as they probably will not accept seeing their identity denied in that federation.

Of course, a lot of confusion has been caused by some of our officials who for the lack of political skill have been making some soft statements. Mr. Bildt and others then gain the conviction that the Dayton agreement may be changed. They have even publicly said that the Serb Republic should not exist, that Bosnia should be reintegrated, everyone is talking about the reintegration of Bosnia, although they are aware that we have 500 years of experience and 500 years of conflict behind us. They are now working on the separation of the Palestinians and Israelis in the Middle East, as they have understood that they cannot live within the same political system, while in Bosnia, they are trying to put us into a melting pot, as if we were born yesterday. Neither the Serbs nor the Croats, who actually make up a Christian majority in Bosnia, can accept being melted; in this context, my opinion is that the international community must return to Dayton. If it returns to Dayton, then it will not be in crisis.

[Vukovic] Since this program gives priority to viewers, here are instructions on how they can take part. Our telephones are 071-783-186, 783-291, 783-055 and 783-107. Our journalists are standing by these telephones; if you wish to speak directly to the president of the republic, i.e., without our mediation, you can call 783-179.

Mr. President, you have mentioned some dilemmas. What is the relationship between the conduct of the international community and some new or maybe old ideas on urging a unitary Bosnia? Is this conduct in connection with Izetbegovic's urging a single Bosnia and with Reis's warning about a single Bosnia?

[Karadzic] I believe there is a connection. Of course, the Muslim motive for speaking about a unitary Bosnia is their hope that they will win over the Serbs and Croats and that the whole of Bosnia will be theirs. The international community has a different motive. Those forces in the international community that wish NATO to stay here for good—they need tension here for good, i.e., they need a situation that can always be used for igniting a crisis in order to justify the existence of NATO and its presence here.

I think it would be more honest to sit down at the table and talk with NATO, Russia, and other interested parties. If that is the price and if that is necessary, then we can strike a deal. The international community does not need to try to keep tensions here all the time. I believe that nobody in the world wishes to see a Muslim state here. That is a problem both for us and for the Croats. They would like to put us together to neutralize the Muslims. However, we do not wish to waste our life on the neutralization [neutralizacija] of the Muslims. We have our path and our life, I guess the Croats also do.

Muslims must understand that, if they are a factor of instability in the Balkans and Europe, they will lose their allies, which they have already begun to do. Of course, there are forces in the world, particularly in Germany and in some parts of ministries of foreign affairs, which created the Dayton agreement in order to stop the war because of the internal political situation in their countries, but which are also trying in the wake of Dayton to thwart the implementation of the Dayton agreement, using political and maybe even military actions, or to bring about a new conference which would be less favorable, i.e., which would again lead toward war and tensions.

[Vukovic] If a new war breaks out, what in your opinion will be the attitude of the international community in this new war?

[Karadzic] I believe Europe would find itself in great difficulties as their interests are not identical. NATO would face huge difficulties as partners do not think the same, and they do not share the same interests. I believe that, unless some other disputes between Serbia and Croatia, i.e., between Serbs and Croats in former Bosnia, arise, Muslims would suffer the worst. Of course, I do not think that we will interfere in the Muslim-Croat war, that is out of the question. We do not rejoice in their instability, we are calling on them to be stable, we are calling on the international community to stabilize them or to help them to separate peacefully; thus, three entities would emerge, as was envisaged in the Lisbon agreement.

If they start fighting, that would thrust the whole region into a crisis. We do not want to take part in that war, we will only defend ourselves if attacked. However, I think that the Muslims should not desire to be armed. Whoever is arming the Muslims is not their friend. The Muslims are still a small island in Europe, they are positioned between two strong nations, Serbs and Croats, and whoever gives them a weapon is actually bringing them to ruin.

Therefore, I think that the international community, as there are no reasonable forces in the Muslim nation, would have to be aware that if it wants to drive the Muslims out of Europe and the Balkans, they should not use us, the Serbs. We do not wish to do that. We will not fight. We only wish to defend ourselves, and by this means defend European values and European Christian culture. To fight in a religious war is completely out of the question.

[Vukovic] Mr. President, we will go back to my questions later but since this program is called "Ask the President," we have a listener from Prijedor on the line. Good evening.

[Borka] Good evening. My greetings to the president. My name is Borka. I came out of Serb Sarajevo, Vogosca municipality. I settled here, in Prijedor municipality. We are a family of a fallen soldier and a war invalid. My husband is a war invalid. We found a house that was empty and leaking for four years. We settled in the best we could. My question to the president: Why can't a mother who has lost her son secure for herself or her husband, a war invalid, any benefit here in Prijedor municipality? We have approached the war veterans federation here, I have documents to support this. They ask for our complete file from Vogosca municipality, but we do not know where the file is. Can you help us and tell us where to look for the file? My husband has a slip which shows when his last pension was paid in Vogosca.

[Vukovic] Thank you. Here is the answer.

[Karadzic] I think that your question is very valuable since it can serve as an example to other people with similar problems. First of all, it is the task of the state and state organs to regulate all this. Unfortunately, the exodus has confused us slightly. However, in Pale, in Serb Sarajevo, offices are being opened by exiled authorities of Ilijas, Vogosca, part of Ilidza is still ours, and Novo Sarajevo. Hadzici and Centar will also open their offices here and this will enable our citizens to realize their rights by contacting these offices.

When it comes to refugees, I must say that I am very cross. I recently issued a 12-point decree, which I did not forward to the media, but which I sent to all relevant addresses in our municipalities. I am very displeased and I think that we have made mistakes when it comes to our refugees. Unbelievable and totally unnecessary things have been happening. For instance, it is said that a refugee cannot be given an identification card, otherwise he or she would lose their refugee status. A refugee is the citizen of the Serb Republic with the right to identification papers—Minister Vladusic has explained all this—and must not lose his or her refugee status. He is both the citizen of the Serb Republic and a refugee. In other words, the refugees must be assertive, must pursue and know their rights and insist on them.

We are also displeased with the pace of the implementation of the law on refugees and abandoned property, and over the next few days I will personally visit some municipalities. I think that some municipal officials will have to be sacked, mostly from the secretariats for property, legal, and local issues, in other words, our land registry office will have to replace those who are concealing the details or are not being helpful toward the ministry for refugees commission. Believe me, what is happening is a sin against these people. This is mostly happening in big towns, Banja Luka, Prijedor, Bijeljina, and the problem lies most likely with an insignificant clerk somewhere in an office. Presidents of municipalities, of executive committees, of the party and of the Ministry for Refugees have shown goodwill to help, but as usual, it is always a small piece of paper that creates obstacles and that holds us back. We said that we wanted each refugee to sow something somewhere, and this has happened to some extent, but I must admit that some examples have alarmed us.

[Vukovic] Excuse me, most of the questions so far deal with the problems of the refugees, and I would like to begin with a question from Miroslav of Doboj, who greets you and hopes for an SDS victory in the elections. His question is: Will the boundary line on Mount Ozren be shifted? There is the map.

[Karadzic] No, the border on the Ozren will not be shifted. This is not a map of the Serb Republic, these are the maps of our priorities in the reconstruction. No, especially not to our detriment. We rejected all the proposals for changing the border in Prisade near Doboj since it would bring it too near the town, and Doboj is a heroic town that succeeded in defending itself, and no one has the right to do anything that would be damaging to it. Of course, we are not satisfied with the size of the Ozren given to us, but nevertheless we have been given land of good quality where the people will be able to live. The area includes some mines, hot water springs, fresh water springs and—and this is most important for us—at least one monastery of the three on the Ozren.

[Vukovic] In any case, the army, because of the role it has played, has priority, even on this program. A viewer from Banja Luka has asked an interesting question: Why not create the Serb Volunteer Medal 1995-96?

[Karadzic] A good suggestion. We do have quite a few medals and decorations. There are some who say that we are handing out too many. And when should we be awarding decorations, if not now? Unfortunately, most of the decorations from 1995 are posthumously awarded and they are well deserved. Well, maybe a law can be passed on this.

[Vukovic] We have a viewer on the line again. He is from Sabac, from Serbia. Good evening.

[Listener] Good evening. Milenko Ignjatovic from Sabac [town in western Serbia]. I would like to congratulate you on the reestablishment of [Bosnian] Serb TV. Now we can finally hear from the Serb Republic the news we have not had since the breakup of transmission. On St. George's Day, we—both you and we—have received an important and precious gift. It is my special honor to be able to greet the president of the republic, Karadzic, and indirectly, I wish to send my congratulations to General Mladic.

As you may expect, we in Serbia have received certain information that there are rifts among the leadership. We wish that there be no divisions between President Karadzic and Mladic. This implies that we would like, along with the information we now receive and the appearance of President Karadzic, to see General Mladic occasionally as well.

What I would like to stress, in respect for democracy, is that you are a very special television station, and I am very glad that it is Serb Television, with no censorship before I went live. It is something to be welcomed because this does not happen for certain other television services.

[Karadzic] Thank you very much for your greetings. I can give you good news. There are no conflicts between me and Mladic. Certain misunderstandings in the past did not take place because of him or me, but because of our aides, who may not have been doing their work as they should have. But all this did not have a deep or fundamental meaning.

Relations are excellent now. As far as the rest of the leadership is concerned, we know exactly who does what in the leadership. Among the leadership, especially among the team which has been together since the beginning, there is not even the slightest hint of division.

Finally, there is our assembly; and everything we are doing, we put before our people. The people know exactly who is doing what.

Thank you for good wishes. You may rest assured that the attempt of the international community to cause divisions will not succeed. I wish to remind you and the other viewers of the international community's assessment that a new leadership cannot be formed quickly—and I am not the only one to lead this country—there are some 400, 500 distinguished people, including deputies, members of the main committee, members of the municipal committees, and distinguished individuals. Consequently, neither can a new leadership be formed to defeat this leadership, nor can a new party be formed.

They could then choose to try and find a more amenable line within the Serb Democratic Party [SDS, Karadzic's ruling party] or to characterize a part of the leadership as hardliners. And then they could say that the SDS must be transformed, moderates must come to the fore, and only then can the SDS remain in power. All this, of course, is in vain. Our leadership is moderate. Our people, our supporters criticize us for being too moderate. Ours is the only party in former Yugoslavia, from Djevdjelija [Macedonia] to Triglav [Slovenia], which has not split and will not split. One or two people could drop out, but the party is on the whole democratic and that is why it has not collapsed.

[Vukovic] You have mentioned the international community. There is still an issue outstanding from my first group of questions. Our program is being transmitted via satellite and can be seen in many places in the world.

We have here a unique situation which, as far as I know, does not exist anywhere else in the world.

Representatives of the international community are here, in an internationally recognized state, but they do not communicate with the leadership. How is this possible?

[Karadzic] You see, it is not individuals they object to but the positions these individuals defend.

They put pressure on President Martic and threatened him until Krajina collapsed. Now they do not even mention President Martic, our dear compatriot and a great martyr of the Serb people, an individual with very high moral qualities to whom we all owe a great deal. They [the international community] put pressure on General Mladic until the military paper [Dayton agreement] was implemented. Of course, Mladic did not take the decisions he did because of the pressure but because that was what we wanted.

They have not mentioned him so much lately. Now their biggest obstacle is Karadzic. Why? Because they want to change the Dayton agreement and destroy, annul the Serb Republic.

If I started making deals with them and accepted, then we could perhaps even receive the Nobel Prize. We know how the Nobel Prize is won—you betray your own people and are then transformed from a criminal to a Nobel prize winner.

But this could not be further from our mind and we could not do it, not out of moral consideration—of course, moral consideration exists—but our people are not politically illiterate. If we took one wrong step, our people would say: What is the matter with you? Until yesterday you were normal. Sorry, but you have to leave your posts.

Sometimes some of our people do say something without thinking. Then we get hundreds of phone calls. People ask: What is the matter with so and so.... Is he changing policy with your knowledge or is it his arbitrary decision?

So, we are not leading the people. We are following the people and its aspirations. Those who think that they could strike a deal with some more amenable Serbs would not succeed because the people would renounce them.

In fact, there are no more or less amenable and hard-line Serbs. We are doing what we have to do and not something that is a product of our meekness or hard-line positions. Being meek or hard may describe the political positions or psychological characteristics of a stubborn people. We are not stubborn. We know what we can and what we cannot apply.

[Vukovic] Mr. President, a group of questions deals with the problems of fighters—problems ranging from their status and their jobs to recognition of their service during the war. There were promises that the years they spent fighting in the war would be recognized as double [the years spent in employment]. But they say the Pensions and Invalids' Benefit Department does not approve of this. Could you give a combined answer to all these questions?

[Karadzic] The fighters are slowly being demobilized and it is our duty and obligation to enable them to find work as soon as possible. We even proposed that those who had been working until now, and were in fact in a privileged position compared to those in the trenches, could maybe go on some kind of vacation, so the fighters could get jobs immediately where they had been employed before.

There is also the problem of employment of fighters in municipalities from which they fled. Their status must be equal to the domestic fighters and domestic population. There are many problems and we will be very strict with the communities and municipalities that discriminate between citizens who are from that municipality and the ones who have fled their municipalities.

The fighters themselves have not been asking for special rights. It is an exceptional attitude. They simply say, put me back in my factory and do not worry about me. Of course, I am not sure that the fighters would like double years of service because retirement is an unfair and unpleasant affair, especially in countries with market economies. But we can discuss this as well, if need be.

What the fighters want is work, their jobs. Families of dead fighters and the disabled want complete security for welfare. As far as other fighters are concerned, it is through privatization that we will reward all those to whom we owe pay. We have had comments directed at our system of payment—we owe many months back pay to our fighters. The Prijedor fighters of the 43d and 45th [Brigade] proposed issuing a bond that would be called Serbi [ancient name for Serbs] and which would be worth several months' back pay.

We are going to use something similar. At present and in its draft stage, our privatization plans envisage 15 percent of all our assets going to the Fighters' Fund. It will then be decided who was a deserter and who was in the trenches, and who among them deserves how much.

[Vukovic] Yes, these solutions must be institutionalized.

[Karadzic] Yes, absolutely. But, instead of the state being involved in this, let the fighters themselves resolve it. They will easily know what to do. It is important to stress here—although this is a good opportunity to say something about privatization for which we are very....

[Vukovic, interrupting] I suggest we talk about this later.

[Karadzic] As far as the fighters' security is concerned, they will be exceptionally well financially provided for. Our target is that all fighters receive substantial assets and that they can be economically productive, to leave poverty behind and enrich themselves.

[Vukovic] Here is one very specific question. The president said on many occasions that western Krajina had fallen due to a military failure. If this is so, can the president explain to us which one of the 2d Krajina Corps officers is responsible for it? Where is the 2d Krajina Corps commander, seeing that he bears the greatest responsibility?

[Karadzic] It is true that we were attacked by a huge force then. The balance of strength—from the point of view of both personnel and firepower—was completely disproportionate. We were exhausted after a year and a half of sanctions imposed by Serbia and three and a half years of the international community's sanctions. We used to produce all types of ammunition during the war, but we were running out of large-caliber ammunition because we were under the sanctions. These reasons can to a large extent explain our loss.

It would not be good for me to say whose responsibility it was without a court's judgment. A court is the only body authorized to say whose responsibility it was, and only after a valid verdict. As far as I know an investigation has been launched, I ordered it to be launched, and the general staff is carrying out another investigation. It has all been passed on to the military prosecution, or rather, the military court, which is independent of the general staff and all other bodies. I think work on this is continuing. Some people have been detained. For moral reasons we did not want to and could not intervene on anyone's behalf, although there are indications that many of them are not guilty. But it is up to the court to decide. We have no evidence of treason. We have evidence, or rather indications, that there was lack of competence, there was exhaustion and a huge imbalance of strength. In any event, it is best for the court to pronounce itself on this.

[Vukovic] Here is a question about intellectuals by Biljana from Prijedor. Where does the president see us, intellectuals who have been loyal to the Serb Republic, in the future?

[Karadzic] In the Serb Republic. If we find ourselves short of anything it will be intellectuals. We see the intellectuals of all kinds as the moving force behind the economic and cultural development of our country. We are convinced that peace belongs to them and that they will find full satisfaction in having stayed in the Serb Republic and in contributing to its revival. Nothing can be done without the elite, without intellectuals.

Our people love their elite. It is not true that our people do not like educated people. If there is any nation which respects educated people, it is the Serb nation. Our people do not like it when educated people put on airs, distance themselves from the people, become pretentious upstarts, and they are right to feel that way. But I have never met a true intellectual who was not at the same time a true Serb. An intellectual who becomes estranged from his or her own people, who cherishes foreign values and ignores his or her own values is not a true intellectual.

[Vukovic] Here is Olivera Dragovic from Bijeljina on the line. Good evening, Olivera.

[Dragovic] Good evening. I just wanted to greet our President Karadzic and congratulate him on his perseverance in the face of all the trials of this war. He is here with us again, he has always been with us. I am a soldier's widow, and I just wanted to greet our president and congratulate him on his perseverance. A Serb man like him is a true Serb man. I congratulate him from the bottom of my heart, and now I am here, I would like to ask him whether adequate accommodation will be provided for the families of dead soldiers, since we are refugees. But this is not important, let him answer only if he can. I congratulate you [Vukovic] too on being with us again, on relaunching Serb television. I am very glad indeed, I congratulate you and wish you all luck.

[Karadzic] Thank you very much, although your question is not unimportant at all. We all owe a huge debt to the families of dead soldiers. We will carry out a speedy privatization of business premises and some other facilities that will provide permanent accommodation for the families of dead soldiers. A permanent source of financing for the families of dead soldiers will be set up to tide us over until the whole process of privatization is over, which I hope will be this summer. Of course, we will have to struggle with a small group of profiteers who have appropriated spacious business premises, but they account for less than one percentage point of the population. Other people will be grateful to us when that is over.

Let me return your compliments: I have to say again, as I have done on many occasions, that women—with their exceptional instinct for defending the nest, the people, and the people's tradition—are our staunchest and most stable followers and their support—together with the support from our people in the diaspora, who can tell good from bad because they have lived in the democratic world for a long time, and the support from the church—are the three important sources of support on which we base our optimism about our country.

[Vukovic] You mentioned privatization. All these problems concerning the people's status and future can be resolved only at the level of the state. Six years ago you said the following in an interview: In order to preserve its ideological virginity, the former Yugoslavia remained the economic spinster in Europe. Could that happen to us? Probably not.

[Karadzic] I would like to repeat that phrase: Ideological virginity and economic spinsterhood indeed was the fate of the postwar Yugoslavia. You know that before the war Yugoslavia was economically developed, or rather, it was moving in the direction of a rather restrictive monetary system. The dinar had quite a high value. Had we continued in that direction, had there been no communist revolution, Yugoslavia would nowadays be among the happy countries.

That could not happen to us because our people are committed to changes. These people will never again vote for communism or social ownership or a system which does not provide security for private property. Our people are private farmers by blood. The Serbs were not favorably disposed to Bolshevism. Farmers all over Serbia, Sumadija, Herzegovina, and Bosnia had to be arrested, beaten up, and sometimes even killed, in order to be forced to join the collectives. These people are not inclined toward communism. The Serb people are well disposed to their traditions, to private ownership and making money. Each Serb is a kind of little king. I used to say that when I flew over former Bosnia in a helicopter, Serb villages were distinguishable from other villages. Each farmer is in the middle of his farm, he is a little king in that farm, which he enlarges and strengthens. I think that over the past four years our people have moved away from socialism or communism, and they want to be what the Serb people and Serb society used to be—people who are well-off and who love their state and pay their taxes, which must be low in order to be paid.

[Vukovic] Let us hear a viewer from Banja Luka.

[Unidentified viewer] I would like to praise the eminent guest. I have enormous respect for him. He is a true fighter, the first man who made the dream of Serb identity come true. We did not even know how to make the sign of the cross, we lived scattered all over the world, but when we came here we learned something, we learned to respect ourselves, we learned who we were. We were not allowed to say who we were even if someone asked us, and now we can say everything because Mr. Karadzic taught us to. I respect him a lot.

I wanted to ask him a personal question. We came from Slovenia on 5 July 1991. We had a telephone and we transferred our phone number to Banja Luka. Reportedly we had the right to do so. We were given all the documents here at the post office. Everything was fine, but they could not give us a number then. Now I was told that I have no right to a number because the country disappeared, and so has my number. I wanted to ask Mr. Karadzic whether this is true or not.

[Karadzic] Thank you very much for your compliments. As for your problems, I am strongly against people's rights being ignored so easily. Yugoslavia existed then, it was a state, you were its citizen, you had a phone number and I think we must be a state that respects rights. We must get used to it once and for all.

I would like to recall now that at government sessions we demanded that the government should pay all the bonds we gave to soldiers and citizens for their loan to the army. That was the first time since World War II that one of the Yugoslav republics gave money for securities. We said that the state must be serious and reliable. Whatever it says, whatever securities it issues, they must be honored.

Of course, people were surprised. Many threw away their bonds, and now we have problems in establishing their ownership.

The same applies to other rights. If rights are based on law, they must be honored. I suggest that our post office officials look into this and respect your rights, even if they stemmed from the Austro-Hungarian Empire. If you had a right then, it must be honored because the legal system and the states' credibility are at stake.

[Vukovic] Let us return to questions concerning privatization. Professor Projic greets you and has this question for you: When will privatization happen in the republic, what are its aims and which model will be used?

[Karadzic] In some aspects privatization will most likely happen very quickly. A law on business premises is in its drafting stage. Many organizations, the League of Communists, the Socialist Alliance, this and that federation, had the use of premises, in those days socially owned but now state owned, for next to nothing, with no charge. We were advised that the SDS should take over the League of Communists' property, but we said no. Their property belonged to the people and should be returned to the people. The SDS will have to pay rent just like any other party or will have to buy property if it can afford it.

Privatization in this sphere will happen very quickly. Shares will be issued to families of dead soldiers and to certain categories of invalids. As early as the following month these shares will yield income for these people.

As for privatization in general, it is designed to make our economy more efficient, to do away with state and social ownership as very inefficient categories, to join the international division of labor and trends of the international market economy. It will be based mainly on the Czech model. Today the stock exchanges in the Czech Republic operate with between $17 and 18 billion. We have just reached an agreement with the KPMG Barents group of Washington which was involved in the process of privatization in the Czech Republic. The director of our agency, Professor Milojevic, has spent some time in the Czech Republic on a study visit and a law is being prepared, it has already been submitted for discussion.

The gist of all this is that we hope to carry out privatization, i.e., ownership transformation, by distributing at least one-third, about 33 percent, to everyone, to all citizens. War veterans will be additionally entitled to an extra share of state-owned property for being veterans. We also owe pensioners back payment for their pensions. We must boost the pension fund. There will be a special fund to boost the birth rate, in other words we must help women to bear children without becoming poor. Furthermore, there will be a fund for the resettlement of the population; we must strengthen our outer municipalities, Kljuc, Ribnik, Sipovo, Mrkonjic Grad. Within the last few days we have given instructions to deliver cattle to the area, to give cattle from reserves to peasants so that they can repay their debts to the state in the form of calves, etc. From this fund, which will amount to about 5 percent of state-owned property, we must help the outer areas including Ljubinje, Berkovici, Nevesinje, Kalinovik, Han Pijesak, what's left of Krupa, Sanski Most, Novi Grad in the south, and Mrkonjic Grad, Sipovo, Kljuc and Ribnik must be boosted demographically. For instance, in these areas we shall use the fund to cut taxes or give people financial help so that can buy factories and land. We have already done something about this by using these funds. Like any other state, we must have a demographic policy and must strengthen the threatened areas.

[Vukovic] We have another viewer from Serbia on the line. Good evening.

[Unidentified viewer] Good evening. I wanted to greet President Karadzic, wish him success, and ask him to persevere in the struggle of the Serb people, and not allow some people, a minority from Serbia, to cause a rift within the Serb nation and break up the Serb Republic as they did with Krajina. That must not be allowed.

He can rest assured that a majority of people in Serbia support his policy to defend the Serb nation. I am sending him my best regards from Sabac. I stood by him when air strikes were in progress; if my heart had been weaker I doubt I would have survived. What injustice and what bombs fell on this small Serb nation! We all know why, history will tell us why it happened. He must persevere, the nation and the Serb Republic must not be allowed to break up.

[Karadzic] Thank you very much for your support. We hope that the whole of Serbia thinks the same, and that relations between our leaderships are improving. We were forced to have strained relations at one time. I hope that the Serb people will enhance the level of their unity in every way.

[Vukovic] A lot of viewers' questions, in addition to these which are being asked to you directly, are in connection with the future, with what will happen. Therefore, I must ask you the following: Thousands of lives have been built into the foundations of this state. A political struggle embodied in the SDS, which saved the Serbs from giving up their identity and which enabled the Serbs to survive, has also been built into the foundations of our state. What can happen in these elections? Can we count on preserving what has been created?

[Karadzic] I believe that the people will know how to vote. Of course, there will be attempts to manipulate Muslim votes. However, Mr. Izetbegovic may lose elections in the federation if his people vote for municipalities from which they come, because Abdic, Durakovic, Silajdzic and many others are hard on his heels.

On the other hand, there will be attempts to rig the elections with the votes of refugees. However, if the Serb people know what they want and if they vote for those forces that will most certainly continue to preserve this level of statehood, and even increase its current level—continue to secure the survival of the Serb Republic—then we will win over two-thirds of the vote and will be able to guarantee our people the continuation of a policy which will lead toward strengthening the statehood of the Serb Republic, toward further improving relations between Serb states, and toward possible all-Serb unification.

I believe there is no danger from any sort of propaganda. The more propaganda, the more [changes thought], you know that before the last elections there was Yutel [independent Yugoslav TV station] and how our people reacted to Yutel. It has been announced that Mr. Bildt now wishes to set up his television. People will know what Bitel [as heard] is, what is true, because Yutel brought the Serbs to their senses then. We are not afraid of any information or propaganda. You know that our viewers are allowed to watch all TV stations whose signal can be picked up in this area. We have not jammed a single broadcast. It is important for us to be able to tell our people what we are working toward and what our program is.

[Vukovic] We will return to the media a little later. We have another caller on the line. Your question please.

[Milanovic] Good evening. This is Milanovic speaking from Banja Luka. Greetings to you in the studio and the president. My question relates to the tax system which, I believe, is still very unstable in our republic. It is true that the republic is young and in the process of being formed. But my direct question is: Why were soldiers who took part in our defensive war not given the chance to convert into public debt the bills they were recently sent in connection with small business debts, as was the case with pensions, military salaries, etc. [as heard]? For example, I run a small business and I worked only four or five days per month, and I did not want to declare my work, because I wanted to survive and live, and now some huge bills have come in, which are intolerable, and I do not know how to pay them. I propose that these be converted into public debt. More thought should be given to those soldiers who nevertheless fought a war.

[Karadzic] I think this suggestion is interesting. I want to tell you what our commitments are with regard to taxes. The war did, of course, cost us a lot of money. I cannot say how much it cost. And this is why we have to retain taxes at 24 percent, say, on turnover, while taxes on profits are a little lower, because on the whole no profits were made.

We aim to further reduce all taxes to below 20 percent and even bring them down to 12 percent. In order to achieve this, we have to remain a value for money state. We cannot afford to have a large bureaucracy. We can achieve this because even now we do not have a big bureaucracy, and this is despite the fact that the state administration is not equipped to a sufficient extent. It should have computers and everything should be automated, so that we do not have to take on more workers for administrative tasks.

Thereafter, we can move toward gradually reducing taxes so that we can be very attractive to the whole of Europe, and if you like, we want to be something like Cyprus or Hong Kong, so that we can do business with the whole world, especially Serbia. Our parliament approved a proposal I made, which called for citizens of Serbia to be allowed to apply for citizenship of the Serb Republic, the aim being to promote joint ventures.

As regards taxes on soldiers who have private businesses, I believe that we should examine whether some other kind of solution can be found. Everyone, of course, should pay taxes but these taxes should be acceptably low and, of course, there should be penalties for those who refuse to pay, as is the case throughout the world.

If taxes are acceptably low, no one will evade them. People want to sleep peacefully and pay their dues to their state. But if the state at every turn resorts to raising taxes, the people and business people are quite happy to cheat such a state. This is a [words indistinct] circle which has to be stopped somewhere.

This means that the state, especially now when it does not have an expensive administration, must introduce low taxes and high penalties, so that the functioning of the state is secured and help is given to industry, because big taxes are bad for the economy and the state. They say a state collapses in two cases: When no taxes are paid at all, or when taxes are constantly raised. In both of these cases the state goes into self-destruct mode.

[Vukovic] Owing to the importance of another issue, let us return to something which has nothing to do with business and taxes. Milos Jeftic from Brcko asks: Does the president believe that there has been too much gambling over Brcko? Could more have been done?

[Karadzic] If you are talking about military actions, it is difficult for me to talk about this now. There were various decisions and tasks. If policy is the issue, our policy regarding Brcko was not a gamble. We were clear on this. Many people tell me—and the Banja Luka intellectuals' forum write letters to me, etc.—that something should be done. It is not the case that we are not doing anything. We are. Our foreign minister, Mr. Buha, has had detailed preparatory discussions with experts and people who are dealing with this. We have an office in Brcko and people who are preparing historical documents, etc.

However, what is important is that agreement should be reached on what it is that is in dispute. If arbitration goes ahead without defining what the parameters of the dispute are, we know what arbitration will bring. We will have big problems here. We do not believe in the international community. We will be getting an arbitration which even a first-year law student would not tolerate. This is a scandalous arbitration.

We do not believe in the international community. We first want to establish what is in dispute. According to the rules, the subject of a dispute can only be one thing; it cannot be two things. For us what is in dispute is one area, as set out in the Dayton agreement, part of the (?interethnic) border in the Brcko zone. The town of Brcko and the 6-km zone are not in dispute as far as we are concerned, and we will never accept that this is in dispute. So we are quite clear on this.

There will not be any arbitration if someone tries to contest the town of Brcko or our line of communication between the eastern and western part [of the Serb Republic]. Gorazde has a 5 km-wide line of communication linking it with its home territory. Brcko stands in the middle of two halves of the Serb Republic, one in the east, one in the west. Naturally, things could not end peacefully if someone were to try to cut our communications here.

[Vukovic] President, they are watching us and listening to us in Belgrade. Good evening.

[Unidentified viewer] Good evening. It is my honor to be able to greet Serb TV which now has an established signal; I fervently hope that your signal goes even beyond America. It is my extreme honor to greet our great President Karadzic; I would like to congratulate him on all his successes achieved so far, despite everyone trying to impute all sorts of things to him, unfortunately, but such is the Serb nation. We hope we will hold out. Mr. President, just continue working as you have done so far.

I have attentively been following this program and I have seen all his previous programs—I am always pleased to watch them. You have to persevere in bringing about reconciliation between yourself and General Mladic. I believe it is true. Many doubt it, but I affirm that it is certainly true. However, I am afraid—as you put it nicely—of those international go-betweens and foreign wheeler-dealers, but I am also afraid of those people among us who are trying to impute many things to you now, ahead of the elections. But as I can see the situation, you hold all of the reins in your hands.

I come from there, from Trebava. I am pleased to hear you mention those border areas where people live next to those critical areas, for instance in the municipality of Gradacac, I come from there. Many people have lost everything there. My brothers are there, I have been living over here for a long time, but I have helped them out a lot, and will always do so. These people really ought to be helped out if you really want everything to remain as you have envisaged. I am hopeful it will be so. My congratulations. Just go ahead. Thank you very much.

[Karadzic] Thank you. We have been surprised yet again with regard to the Serbs from your area. We knew that people from Mount Ozren, Krajina, Mount Romanija, Herzegovina, Semberia are courageous, but the Posavina Serbs and those living in the corridor are such a hard nut. We did not know that, since they are meek people, farmers, quiet people who are not very boisterous. However, they are really brilliant Serbs, both politically and militarily.

It is true that international go-betweens do not wish us any good. If they did, they would have recognized our plebiscite back in 1991 and would have left us in Yugoslavia, they would have recognized our right to self-determination. But we are not afraid. The most important thing is that all our leaders must be completely open to the people. Our people know how to assess who has gone astray and who is implementing their program and their policy. They can see which foreigner is well-intentioned and which is not.

[Vukovic] We have a viewer from Prijedor on the line. Good evening.

[Unidentified viewer] Good evening. First of all, I would like to greet the president, the greatest Serb of all Serbs, and, I hope, of all united Serbs. God willing. My question is: My husband was on the front from the very beginning of the war. His work organization is in the Serb Republic, but he has not yet been employed. This is just a little additional question alongside my greeting.

[Karadzic] Thank you very much. I think it is a shame for that work organization, which was most probably semioperational during the war. Now it should let people who were working during the war rest a little and give employment to the fighters. Unfortunately, there is a small number of extremely irresponsible company directors who have not yet initiated production even though they could. We will have to examine that, although many of them are hiding behind other political parties—no director has been or will be replaced because of his political affiliation, but rather because of his attitude to work, particularly toward war veterans, as this amounts to some sort of political manipulation. I do not know which is the work organization in question, but they must look after their workers who spent the war in trenches.

[Vukovic] Here is one question, Mr. President, which seems to be important. From Drago from Prnjavor. Is there any chance of western parts of the Serb Republic, such as Petrovac, Drvar, and Glamoc, being returned by political means, since they were seized from us during the implementation of the Dayton agreement?

[Karadzic] We offered some Croat areas in exchange for some Serb areas. We fought a lot for Drvar and Petrovac, we wanted to have them back, not the whole of the municipality, but at least the town and its vicinity.

Sometimes our chances seemed to be quite good. This does not seem to be a completely resolved situation. Of course, we do not wish to wage a war.

Five great powers signed the Dayton agreement. These five powers now have to be very watchful lest Izetbegovic manipulates and rejects this agreement. That would be a shameful situation for the great powers. But if it becomes politically possible, I believe some changes can be carried out.

Croats do not wish to live in Serb areas. They cannot settle in Glamoc, Drvar. Petrovac is in Muslim hands. Significant changes of the map are possible—we hope—by political means, since in my opinion the Balkan is not yet completely over [as heard].

[Vukovic] Many people are asking about the elections. Before you hear their questions, I want to ask you whether the international community wants to be in control of the elections for technical reasons, or is it a part of their policy toward the territory of former Bosnia-Herzegovina and Yugoslavia?

[Karadzic] They should not be in control of the elections. They should monitor the elections and respect the will of the voters, our constitution and our laws, as well as our electoral commissions. Naturally, they will try to manipulate the elections. The fact that they inserted an illegal provision in the Dayton agreement, according to which those indicted cannot stand in the elections, shows that the international community does not respect democracy.

If they believe that our leadership is extreme and that it leads people against their will, let the people decide about our results in the elections. Democracy either exists or it does not. Democracy cannot exist if any restrictions are being imposed on it.

My experience throughout this period is that the international community cares only about its own interests. The best thing for us is when their interests are not the same. The international community is very dangerous when it is united and dominated by one power; there is no mercy and they will do anything to achieve their goals even if an entire nation has to be destroyed.

Someone has said that the Bible mentions many nations which have disappeared. It is not paranoia or a myth to think that a nation can disappear. The Serb nation has to fight because it is on the German road to the east. Important Islamic and Catholic interests also meet here. Had it not been for our survival, for the survival of the Serb Republic—unfortunately Krajina has been lost militarily for the time being—Serbia would have ended up with indefensible borders. Can you imagine a Serbia surrounded by a hostile Hungary to the north, a hostile Albania to the south, a hostile Croatia and Muslim Bosnia to the west? Bulgaria can also be hostile when headed by certain leaders; I am not speaking about the people, I am speaking about government interests. Romania is probably the only one which has no territorial aspirations toward Serbia.

Such a Serbia could not survive and we are sure that we have defended Serbia, Montenegro, i.e., the whole Serbdom, just as much as we have defended the Serb Republic during our struggle.

[Vukovic] We must let our viewers ask questions again. Good evening.

[Listener] Good evening. My greetings to the president. I am a refugee from Serb Sarajevo. I shall be brief. There are people who have lost nothing but have nevertheless been allowed to move into other people's property. When will they be moved out and those who have lost everything be given at least a single room?

[Karadzic] Well, unfortunately, your question is very topical. This problem should have been solved by mid-March. There is a law, there are provisions to regulate this particular problem. There was an earlier law on the efficient use of residential property, but nothing was done. There is someone somewhere who is not doing his job properly. I must say that state administration is our weakest point. State administration has nothing to do with democracy. Democracy matters at the decisionmaking level. Once decisions and laws are passed, state administration must ensure that they are implemented without exception or delay. Of course, we are very short of people with administrative skills, but what is even more important is that we lack the necessary mentality. We have been through self-management, socialism, where everything was possible. In a democracy and present-day societies, there is no self- management. There is a new way of management and to attain that level, we shall have to work hard.

Still, the refugees are a problem I am personally involved with, and I think the Ministry of Internal Affairs will have to dispatch special teams since it seems that local forces are not capable of removing the people you mentioned because of family ties, friendship, etc. This is to some extent understandable but cannot be justified. On the other hand, in some administration departments, in some municipalities, despite the goodwill of the people in charge, some bureaucrats are withholding documents and have not been very helpful to the minister for refugees and his municipal offices. I hope this problem will be solved very quickly and in a favorable way.

[Vukovic] We have someone from Sid [Serbia] on the line.

[Listener] This is Dobrivoje Djordjijevic of Sid. My greetings to President Karadzic. We have one thing in common: up to the age of 14, I also lived in Montenegro. I want him to persevere and succeed in what he has embarked upon. This is not just my view. A large majority of us in the Federal Republic of Yugoslavia think the same.

[Karadzic] Thank you very much for your good wishes, and I would like us to meet in Sid someday.

[Djordjijevic] I would like us to meet. If you ever have time, do come here.

[Vukovic] Thank you, Dr. Karadzic, a group of viewers from Gacko wants you to put your name down for the coming elections. They want to know when you will start to replace incompetent local officials. A number of questions refer to shortcomings in the SDS. For instance, a viewer from Gacko asks: when will you say thank you and bye-bye to incompetent local SDS officials?

[Karadzic] Well, I hope this does not apply to the local authorities in Gacko. The situation there is quiet and stable and I think the people running the economy there are also good. The interparty elections, which are secret and involve a large number of candidates—I think that in almost every municipality the number of candidates is double the number of positions—I think the elections will help good leaders emerge, and those who have justified our confidence in them will be allowed to stay, and on the other hand, those who have let people down will lose the interparty elections.

I was in Gacko recently, I hope we shall soon be able to improve the broadcasting situation there. We have spoken to the people there. I think they will get a strong transmitter soon. I think that the entire SDS membership must behave responsibly and must give its vote to good leaders.

[Vukovic] When you mention openness, I must remind you of one of the ideas you came up with quite a while ago, when you said that had cameras been present at meetings of the ruling party earlier, then it would not have ruled beyond the fifties, but unfortunately they came on the scene late. How do you assess the openness of the ruling party's work?

[Karadzic] Well, you know Serbs do not tolerate secrets, and the state authorities and party authorities no longer have secrets. People do ask, and we sometimes have to reveal things which we ought to have passed over in silence. I believe that on the whole everything is known. But the party is huge—a mass party—and in such circumstances it is not possible to keep anything secret.

[Vukovic] And this program is proof that there is no problem as regards openness. We have someone on the line from Banja Luka. Good evening. Hello?

[Unidentified viewer] I would like to say hello to the president and ask him to answer the following question: When will the fate of people who disappeared on the front be known? I am thinking in particular of the Srbobran [Donji Vakuf] front, but also of course of other fronts.

[Karadzic] We are making enormous efforts and in particular we support the association of families who have missing relatives, or rather POW's. We cannot say that they are missing, because we know that there are still a lot of Serbs alive in Croat and Muslim prisons. We have some witnesses and evidence to confirm this. I believe this is scandalous for the international community.

We, for our part, have done everything to respect the Dayton agreement regarding the release of POW's. The international community put pressure on us to release 10 or 12 people, for whom we have proof that they are war criminals, and we asked to hand this evidence over to the Hague tribunal. However, the international community simply does not mention the problem of the numerous Serbs—perhaps over 1,200 Serbs—who are languishing in prison.

I do not understand why the Muslims and Croats are holding these people. This is immoral, and inhuman, and ultimately it is a violation of the Dayton agreement. I also fail to understand the international community which is so unscrupulously biased that it no longer even mentions the question of releasing people.

We will persist in our efforts. Captain Bulajic, chairman of the state commission [for refugees], and all others are working on this. Speaker Krajisnik is making special efforts. He is always in contact with the opposing side and the international community, and he has been insisting on their release and has succeeded in winning the release of many POW's—from Vijenac, Lisac, and other places.

This is a concern for the whole of our community and the whole of our state. Unfortunately, we cannot do much. It would have been a mistake for us to hold a number of POW's, because then the international community would have said we were to blame for our people not being released.

We, for our part, have done everything. We have released some but we have not pardoned them. We cannot pardon them. For us they remain guilty and responsible. But we handed them over to the international community only, and exclusively with the aim of obtaining our people. We have got some back, of course. However, there is a large number whose release we have not obtained. In our meetings with all sides we never give up demanding that this issue be resolved.

[Vukovic] And we should, of course, never refrain from demanding that this be resolved.

[Karadzic] We should never give up. As I said, this fact that Serbs are still being held prisoner is scandalous for the whole international community.

[Vukovic] We have a viewer on the phone from Brcko. Good evening.

[Teodorovic] Good evening.

[Vukovic] Your question please.

[Teodorovic] This is Ivan Teodorovic from Brcko. I send my regards to the president. You encourage me when you speak on television. We regularly watch you on television and we listen to the radio when we cannot receive the television. I have two questions for you. You once promised to divide up the forests among the people. This evening you are promising that you will give away parts of factories [words indistinct]. Please tell me why, seven months after the end of the war, the factory in Brcko has not begun work.

[Vukovic] What factory? The shoe factory?.

[Teodorovic] No, that is the only factory working, and it is the weakest factory in Brcko [word indistinct]. And what will happen to those people who regularly bring ruin to factories in Brcko? The same people are still in management and nobody can move them. [words indistinct] the local committee does not give them a vote of confidence, and then there is a decree which puts them back in charge again. Thank you. I await your answer.

[Karadzic] Thank you very much. First, regarding privatization, we shall implement this because we believe that unless there is privatization there can be no progress and no recovery. Of course, we have seen that many countries have made catastrophic mistakes in relation to privatization. For this reason we have not rushed into this. It is easy to make mistakes and difficult to rectify them.

We are committed to models which produce good results in the world, and as part of this I believe that land, apartments, and business premises will be the first things to be privatized. This will be followed by enterprises and tourism and afterwards smaller businesses, and finally larger enterprises. Naturally, this is a huge undertaking and it will take time to achieve.

The question of forests can be resolved in two ways. They can either be privatized and given away piecemeal, or shares can be issued and people can take part in managing them. Forests will probably be dealt with later, because at present we are using the forests to feed the people [as heard].

Regarding factories, I do not know if you are right in regard to Brcko, but you are partially right. Many directors have preserved our enterprises excellently during the war, and we are thankful to them for that. We have never asked them what party they belonged to. That was of no interest to us.

However, many are now delaying the start-up of manufacturing. Many cannot do so for objective reasons: the sanctions have been lifted but both ourselves and Yugoslavia are not open for foreign capital, and it is not easy for us to raise loans. We are slowly increasing production on the basis of our own strength and resources. The banking system is in a crisis situation. There is little money about. So many are really unable to start manufacturing.

However, a lot depends on personalities. If the director is dynamic, he can do a lot. We believe that we are making a mistake over the age of directors. He does not have to be 60. Directors are very good, ambitious, and competent when they are 30 or 35. I believe we should not fear introducing new blood into management structures. We will very quickly see who is really concerned about his enterprise, soldiers, workers and production, and who is not. We may have to replace all of them. If we replace people in the political arena, we must be able to bring new blood into the economy too.

[Vukovic] We still have to answer an interesting group of questions dealing with freedom of movement and manipulations linked with it. Brane from Vraca [Sarajevo suburb] wants to know who has allowed the [Sarajevo] Muslims to pass through Vraca and what is behind all these Muslim manipulations with freedom of movement and their people?

[Karadzic] Well, no one has had to allow it. Freedom of movement exists in Europe as well but that does not mean that there are no regulations or supervision. We demand that the international community recognizes our right to regulate the movements of people and supervise them. We have witnessed acts of Bosnian Muslim terrorism and the whole world has experienced similar problems with Muslim terrorism. We have already arrested terrorists, even on Mt. Trebevic.

We also have a budget. It is also in the interest of the Muslim-Croat federation to prevent smuggling. We have our budget, they have their budget. The flow of goods should be free but regulated. Taxes must be paid, etc.

As far as manipulations with these crowds of people are concerned, the international community can see for itself that freedom of movement is not an issue in this case. It is an attempt to destabilize the demarcation line and the border between the entities. We will not allow this to happen; that is, our people are against this and they have organized themselves. Our police have also tried to restore order.

[Vukovic] Let us hear the question of our viewer from Gradiska. Good evening.

[Viewer Radak] Good evening. My name is Milorad Radak and I would like to greet the president and congratulate our television on its work in the whole Serb Republic. My question for the president is not personal. As I am the chairman of the Association of Paraplegics of the Serb Republic, I would like to ask about the future of invalids in the Serb Republic.

I have been a member of the Association of Paraplegics for a long time and I have met many other invalids, the blind, the deaf, those suffering from dystrophy. In the previous state they were all marginalized in a way and therefore humiliated as human beings. Since I know that the Serb nation is very humane, I would like it to streamline its humanity through laws so that invalids are equal, so that they can feel like normal, unhandicapped members of society.

I would like to ask the president whether he will support our struggle to introduce as many positive clauses as possible into laws, because in this way we will enable many war invalids to exercise their rights.

[Karadzic] Thank you. You see, throughout the world the left boasts of having social programs. In effect, it provides for those capable of working to the detriment of those who truly are not and those who are extremely capable and businesslike.

Traditional Serbian Orthodox society has a sense of justice, including social justice. One does not have to be a communist to care for others. On the contrary, a humane, modern, democratic society will care for every member and it will particularly respect the dignity of every member. It will take care not only of his financial situation, but of his dignity, too.

There will be ways to protect war invalids. Considerable funds will be employed so that they can be productive and they will additionally enjoy social care from social funds.

All other kinds of invalids in our society have to enjoy complete protection. However, society will not be able to provide for those who are able to work to the detriment of those who are very productive. Taxes will not be aimed at supporting those who can work but those people who are incapable of working.

I believe that you can rest assured that our society, traditional Serb society, has never been unjust, and I believe that we will achieve considerable social justice;, and all this will, naturally, apply to paraplegics.

[Vukovic] Viewers in Sabac are watching very carefully. Milojko Blagojevic is on the line. Good evening.

[Viewer Blagojevic] I would like to greet Mr. Karadzic as the greatest Serb politician and Ratko Mladic as the greatest army leader after Commander Misic and Stepa Stepanovic [Serbian World War I army commanders]. I would like to thank you also for having started with your program again, it is one of my favorite programs.

I wanted to ask how I can obtain your own and Mladic's photo.

[Karadzic] Ah, we have to do something about it. I do not have many photos. You know that except for the official portrait I did not have photos taken even for the electoral campaign. Even Mrs. Plavsic and Mr. Koljevic did not have their photos taken. We could not compete at the time with Markovic who had such luxurious posters, so we decided not to have them at all.

Our people considered that Markovic was wasting their money. We campaigned without posters, using the live word only. Perhaps we should do something about the photos, so we can give them to those who wish to have them.

Thank you for your support. It is difficult to say who the greatest or best Serb is, but I believe that we do not even know the greatest and the best Serb. The best and the greatest Serbs are quite modest, somewhere in the background. They do heroic deeds but they are completely invisible.

[Vukovic] Mr. President, we are warned that we have only two minutes left.

[Karadzic] Who is setting the deadline?

[Vukovic] The news bulletin is at 2200 [2000 GMT].

[Karadzic] I wanted to show this map.

[Vukovic] OK, we shall ask the editor to extend the program. The news can be broadcast a bit later. There is a question I have to ask you—about regionalization, or, as you call it, tribal divisions. Even the international community encourages such an approach. To what degree can this jeopardize our state?

[Karadzic] You see, Yugoslavia was destroyed through the Alpe Adria organization. Does anyone mention Alpe Adria nowadays? Or the regionalization of Europe—nobody mentions it any more. It was an instrument aimed at destroying other states.

Now they are trying to provoke antagonism between the western and eastern part of the Serb Republic, between certain parts of the eastern or western part. The people have to be clear about this—only united can we survive.

We have had support in relation to this at rallies and referenda and we shall not allow certain local princes to destroy the state.

The destruction of every Serb state to date began with the rebellion of local princes and their increasing arrogance. Their tiny psychological, political, or financial personal interest threatened the interest of the whole.

We shall always stand before the people and say: this one is doing this or that. Do you want him to lead the state, do you want emotions, rivalries, jealousy, psychology to lead the state, or do you want the state to be led by a rational force which takes into account both the interests of the parts and of the whole?

I think we enjoy the full support of the people against regionalism. There are some extremely immature people in our political life. There are people who are not up to their task. There are people who could say: let us close a university, let us move the capital here, let us do this or that, without considering the consequences at all.

Of course, we shall have to say farewell to many people from our political life—we cannot afford immaturity, we do not have the right to jeopardize the state because there is no retaking the exam.

You see how Krajina was divided. Krajina was divided at the regional level as well. Western Slavonia was divided in one way, Knin Krajina in another, eastern Slavonia in yet another, the interior minister was once even beaten up in eastern Slavonia and President Martic was disobeyed in eastern Slavonia and you know what happened.

So we shall not allow...[pauses] we do not believe that we have to be like [medieval Serbian] King Dusan, but we shall not be weaklings, either. Whoever counts on that can leave his political position and go to some other party and try to present himself to the people as a benefactor.

We have the mandate to preserve the state and the people and we shall take all measures envisaged by the law to do so.

Of course, so far we have not had to resort to legal measures because the people are very strong, and their support for us is very strong. This is why many (?politicians) have been forgiven and the people object to our being so forgiving. But we forgive because we are strong and because we feel the support of the people.

[Vukovic] You mentioned failings, and there were many questions about problems, and they are all about the insufficiently-built state structure. There is something untypical nowadays: people from the world, and it seems to me a number of local people, are trying to destroy with weaknesses what we have created.

[Karadzic] Yes, the attitude of some people is very careless towards this infant who started to walk but is not yet completely safe because our surrounding is terribly hostile.

The best medicine is open and public action. The people have to be confronted and told: what this man is saying means this and leads to there. We should ask the people whether they really want to go towards ruin or want to have a strong stable state based on law, respect for obligations and responsibilities, or if they want to gamble with their state through socialist self-management, brotherhood and unity, false values, and other phrases which can lead us irretrievably to ruin.

We do not know when or how we can bring back the Serb Krajina, but we know how to preserve the Serb Republic and ensure its and its people's survival.

There are no higher reasons than state reasons. We shall really preserve the state relying on the people and their support.

[Vukovic] Good. Let us not forget.... [pauses] Because we have many questions, I would also like you to comment on the maps and what is important with regard to the maps.

[Karadzic] Well, we have a map on the screen. What I would like to comment on is what we have been doing over the past few days with the parties. We have set some priorities for those who want to cooperate with us. Our basic priority is the development of the whole infrastructure in the eastern and in the western part.

Now, you see. Yes you can see it better now. You see here that we have planned above all to build a railway line from Bijeljina via Brcko to Milosevci. At this point we link up with this railway line [points to line on map leading from Croatia]. I believe that we should build a railway line from [word indistinct] to Brod, but that is a long-term plan.

We also intend to build a highway through Posavina, as far as Banja Luka, and it would then be possible to extend it to Prijedor and Novi Grad [Bosanski Novi] and make the link with European countries, even if this has to be via Croatia.

We are already digging and working on the road and the railway line, and we also intend to lay a gas pipeline. Our first aim is to build a 24-km stretch of gas pipeline from Zvornik to Bijeljina, because we have a concentration of industry here which would be able to produce things very cheaply if we had cheap Russian gas. Afterwards we also want to extend this gas pipeline via Brcko, Modrica, Derventa, and Doboj to Banja Luka and Prijedor and beyond—but at least to Prijedor for the time being.

For example, if you could manufacture Selpak products [paper goods] using Russian gas, production would be effected very cheaply—and this is not to mention the whole Banja Luka industrial complex. Access to Russian gas would have a great impact on the economy of Banja Luka, Doboj, Derventa, Modrica, etc.

Apart from this, optic fiber cables should be laid—digging has already begun—from Sarajevo right through the country to enhance telecommunications.

Here you see the Brod oil refinery. It is linked to the Adriatic oil pipeline. Since we have already started digging, we intend to set up a pipeline so that we have one terminal at least in Banja Luka, one in Bijeljina and further terminals in Serbia so that the oil does not have to travel by tanker. Instead, the tankers collect the oil from the terminals.

In this eastern part, our priority is to develop this part here [points to the road to Banja Luka in the western part of the Serb Republic]. We will use work drives, special actions by the whole economy and the whole nation to accomplish this, and we will give concessions to foreigners who want to build and exploit the road and railway.

[Vukovic] Excuse me, we have had contacts with foreigners, some firms from Switzerland and the United States. To what extent can these projects be supported from outside?

[Karadzic] Well, they can be supported from outside. For example, the most recent refineries were very interesting. We have resources which can be exploited here. For example, a highway from Modrica to Bijeljina—we want to see it extended at least as far as Banja Luka and on to Prijedor—could bring big profits to someone who develops it. By the same token they could exploit any railways they might construct. They are showing significant interest, for example, in leasing oil refineries. They could exploit the roads even if this were only a highway running in one direction with three lanes. They could also make money out of all the filling stations, all the repair workshops, restaurants, and motels, etc. A highway would generate profits for anyone who put money into it.

Here it is our ambition later to repair the road and gas pipeline to Sarajevo, as well as the optic fiber cable. And at a later stage we will link this European vertical route Samac-Sarajevo-Ploce and this Belgrade-Bar route with a 120-km railway line using an old line which already exists, which will reduce the production costs. This is something that we must do urgently.

Then we also have the possibility of building another phase of the Ugljevik thermoelectric power station of 300 MW.

[Vukovic] The second phase.

[Karadzic] This is the one which is already operating, this one shown in white can be installed. This is Visegrad, which is functioning, and here we have (?Vuk Bijela) and Foca—505 MW—for which plans have already been drawn up and feasibility studies approved. They have been passed by the European Bank [EBRD], and preparatory work has been carried out.

The upper horizontal lines are not shown here, but here there are three power stations which would produce 250 MW of electricity and would also irrigate all these karst fields.

So the priorities are the links between the eastern and western parts on which all forces will be used, including work drives and public action of all kinds, and the granting of concessions, and then the hydroelectric power stations, which will be the first to show results, to yield a profit, and lastly, the connection between Sarajevo and Bijeljina.

[Vukovic] There are two situations when it comes to investment. You have said that the agreements which you have reached are without political pressures, although Bildt has different views, as far as we know.

[Karadzic] We are sure that there will be far less aid for us, than for the Muslims and the Croats, and they will try to make aid to us conditional, politically. We will not accept any such conditions because this would mean the annihilation of the Serb Republic. Aid yes, provided that it is not conditional and provided it does not alter the Dayton agreement. However, we are not relying too much on aid. We are a very rich country. We can, we million and a half can live quite well, we have the resources, we have timber—our three prime products are timber, healthy food, and electricity. Everything we build in the way of electricity potential can also serve for exports, and these are major, very attractive capacities, so we are relying on the interest of the international community, that is of foreign investors, and not on their aid and love of the Serb people.

[Vukovic] To return to certain realities and a question with a note of warning from Boro Prastalo, a soldier from Ljubija. He asks: There is talk of peace but the Croats and Muslims are arming themselves. Could there be another Operation Storm and are we preparing our defense?

[Karadzic] Our army is undergoing an essential transformation and is preparing itself for defense just as the whole nation is preparing itself. We have, of course, demobilized a significant number of fighters, but these fighters can be mobilized in three hours, so that if the international community does not prevent the Muslims and Croats from penetrating our territory, we will have to prevent them.

[Vukovic] There is another question on the subject of the army. How do you, as president and supreme commander, think that a modern army should be developed?

[Karadzic] I believe that we will go for a professional core—insofar as we are permitted to have an army, and that professional core will be strong and highly efficient and will be capable of absorbing reservists very quickly, so that in three to five days the peacetime professional formations will expand into war formations. Our experts in the general staff are working on this and have already produced several variants. I think we will also decide at some point on a new law on the army, law on defense, and on (?the formation) which under the constitution is signed by me, but only, of course, after I have seen all the variants and we have decided together on the most advantageous.

[Vukovic] We began this conversation with many questions about refugees. I have to say that there are quite a lot of such questions, because almost all the population of the Serb Republic are refugees in a way and have been moved from their homes. How do you as a statesman and head of state consider that this problem can be permanently resolved?

[Karadzic] First of all, the population should be treated equally, materially and with regard to property, and politically. All environments, all political workers, mayors, municipal councils, party members, and so on, who do not work on the integration of this population, will not be accepted in our party nor at the elections. We will invest enormous efforts; I will personally tour many municipalities to see what the situation is like, and I will be asking for the refugee population to be integrated as soon as possible into the environment in which they have chosen to live. The local population and the usurpers cannot have several residential buildings. We should make this a punishable offense. I am asking for laws and regulations to be drafted under which everyone will be obliged to report property which he has no right to own and this will be given to refugees.

Second, we must apply the law on refugees, the law on property. The Ministry for Refugees has been sabotaged in many environments, in many municipalities, I don't mean by the top officials in the municipalities, but by someone in the municipalities, in certain offices. We will very quickly get rid of this phenomenon and we will not spare anyone who is doing this. We are sinning here before God and the people. These people fought for the Serb Republic and lost enormous properties. There were rich people and now in their own state, where they have arrived at last, they feel like second class citizens.

[Vukovic] So that we are not criticized by those who have different views, who belong to other parties and not the SDS [Serb Democratic Party], we have two questions which sum up all the questions about us. The first is whether the SDS will win the elections, and the second is how the other parties will fare, and what will happen if the SPRS [Socialist Party of the Serb Republic] wins—that was one of the questions.

[Karadzic] The SDS will win if that is what the people want, and of course if we monitor the elections well against rigging and forgery. As things stand at the moment the SDS will win with more than two-thirds of the votes and even the polls of our enemies abroad indicate that we will win more than 67 percent. The other parties will be judged by the people exclusively on their attitude toward the state and patriotism and to some extent on political and economic freedoms. I don't believe that the people will go for some little known option which supports the reintegration of Bosnia. We hear parties which say that we do not have the right to demand to be a state, but we acquired the attributes of statehood in Dayton, far more than we would have in some kind of confederation. We have sovereign powers, legislatively, there is nothing above our assembly. Our president and government are not affected by anyone except our own people. The people elect the president and the president appoints the prime minister and influences the work of the government. The judicial authorities are sovereign, there is no one above our supreme court. In other words we form our own army, our own police and all the other attributes of a state. We must not abandon the idea of a state and devalue Dayton. So any political force supporting the reintegration of Bosnia-Herzegovina will certainly be rejected by our people.

[Vukovic] Mr. President, I suggest we bring this conversation to a close. I wish to pass you a message from

Dobrica Cosic who was in Bijeljina two days ago. The message says: The Serb Republic can be defended only by active national unity, by patriotic and democratic awareness.

I wish to ask you about the prospects for our nation and our state, about our future survival.

[Karadzic] Thank you for the message, it is well-meant and wise. We have received different proposals.... [pauses] Namely, we should form the state council. There are proposals by prominent people for it not to be a council but a senate which would be established by the decision of the People's Assembly. In that case, the president would appoint a senate instead of a council. The senate members would be the most prominent Serbs from the Serb Republic and from the diaspora. Their term would last at least five years. The senate would propose certain views and measures, it would advise the nation.

I believe that the Serb people are more united today than they have ever been. But they cannot be united on different ideological grounds, whether left or right. They can only become united on a the basis of common sense and maturity, on the basis of rational principles of what is good for the people. So, not entirely on the ideological basis but on the basis of national aspirations and national feelings.

And, speaking about measures, whether traditional or modern, experiments, and, most importantly, freedoms—both economic and political freedoms [sentence as heard].

I want to remind you that we have not held anyone as a political prisoner in the four years from the beginning of the war up until today, nor held a single political trial, nor carried out a death sentence. Four people were sentenced for first-degree murder but the sentences were not carried out. The people have sensed all this. They know that the freedom they now have west of the Drina, for the first time in 600 years, is precious and the people [word indistinct] this. When we asked the Serbs to stay in Sarajevo, they refused. The people would not listen to us if what we asked were against their interests and natural aspirations.

[Vukovic] Mr. President, we would like you to continue to communicate with the people in this way in our future programs. There is great interest for such programs and we cannot cover everything in one program. What would you tell our people at the end of this program?

[Karadzic] I am very pleased that we are in contact once again. I am also pleased to receive questions directly and without censorship via the phone-in. What I would like to tell people is that they should be the masters of their own fate in an active way, not allowing any of us to stray from the natural course and their natural aspirations, and not allowing the devaluation of our achievements. The families of fallen soldiers have been the most vociferous of them all. They often tell us: don't let anyone trifle with our sacrifices and don't let anyone devalue the state and its degree of freedom. I think that the Serb people have the duty—by adopting an active political stand—not to allow anyone to lead them astray, the duty to control their own leadership and political parties, to assess them well from the point of view of their own interests, and, in this sense, I think that the people have the right to ask us anything and demand that their leadership be at the service of the people and not the masters of the people, for the first time in I don't know how many decades.

[Vukovic] We shall make it possible for the people to ask these questions soon. Thank you very much for taking part in the program.

B-H: Commentary Analyzes Kasagic-Karadzic Relations

AU1605091396 Rijeka NOVI LIST in Serbo-Croatian 10 May 96 p 2

[Commentary by Drazen Vukov Colic: "Banja Luka Connections"]

[FBIS Translated Text] In Banja Luka, Jadranko Prlic has met with Karadzic's Prime Minister Rajko Kasagic and international mediator Karl Bildt, western commanders, oppositional politicians, and Catholic and religious leaders, in a too important role for the ministers [as published] of internal affairs of the Republic of Bosnia-Herzegovina, but if one can judge by the significant attention the Bosnian Serb media (the television medium in particular) have dedicated to this visit, the choice of significant words, and a long list of the crucial subjects of the talks, there is no doubt that these hosts have also borne in mind that this is a Bosnian Croat with very good Zagreb connections. From the Federation of Bosnia-Herzegovina, Banja Luka has already been visited by Kresimir Zubak, while there is no chance that Alija Izetbegovic will do so, although Sarajevo, at least temporarily, favors the Western allies' attempts to do everything in order that Kasagic and Banja Luka might break away from the influence of Mladic and Karadzic. However, that is only supposed to be a transitional station until the reconstruction of the united Bosnia-Herzegovina that Alija Izetbegovic dreams of, while in this case, too, the strategic, political, and economic long-term interests of Zagreb and the West luckily meet, as they both want Banja Luka to grow once and for all into something completely different.

A little Croatian-Bosniak-Slovenian scandal that has broken around the officially denied articles on Karadzic's alleged visit to Zagreb is evidence of the always present unconscious fears that Karadzic could plot again, as Boban and Karadzic once plotted in Graz. Evidence of the Croatian side's anxiety to stop any guessing about the secret negotiations (the division of Bosnia-Herzegovina? Prevlaka? Arbitration in Posavina? Particular economic relations?) with a criminal whom Moscow, too, claims should be arrested (although not too urgently), is also the additional denial by Stjepan Mikic, head of the Posavina Canton Police Department, who claims that Karadzic could have not passed across the border at the border crossings controlled by his people. However, those who suffer from the virus of general suspicion might remind us that the Slovenian (not Croatian) media were the first to make known that Dr. Slobodan Lang visited Banja Luka as early as the end of January, immediately after the Dayton agreement had been reached, although in this case it is probably a case of very improbable propaganda tricks, whose objective is to prevent what should happen (but not with Karadzic), and not report about what already has happened.

It is already very significant news for the international community that Kasagic and Prlic talked about "the mutual relations of the entities" and "the future functions of Bosnia-Herzegovina," without which there will be no assistance in the reconstruction, and in particular no turning by the Bosnian Serbs "to Europe and the world." Kasagic's television has even pointed out that Prlic's connections with some 30 foreign ministers in the world is particularly important for Karadzic's little isolated state, although it is not clear how he could use that international reputation as "federal Bosnian minister of the united Bosnia-Herzegovina" to the advantage of the Serb Republic. However, if not in the name of some kind of Serb state entity, then perhaps at least, in the West and in Zagreb, in favor of Kasagic and Banja Luka, which are becoming in the international media the kind of the Dayton lifebelts about which everybody is writing, though they have never been tested in real life.

After Karadzic and Mladic (but still with them), it is not difficult for Kasagic to pretend to be a cooperative liberal, as but a few liberal and different words create a manifold and welcoming echo in the hungry ears of post-Dayton: His praises of "Milosevic's realism," his promises of a multiparty system and free media, the opening up toward neighbors and the world, and his resistance to Pale, "where there is nothing but snow for a full six months," have made him Bildt's favorite Serb collocutor—but not only Bildt's. Over the last couple of weeks Kasagic and Banja Luka have been visited by Cotti, Kornblum, Elizabeth Rehn, and the judges from The Hague, while the Western newspapers openly write that the redeployment of the British IFOR [Implementation Force] military headquarters to Banja Luka, where there are already many international organizations, is an open attempt to make this town—the only real town in "Bosnian Serbia" with an airport and excellent traffic communications—the capital of "the Serb entity" in which there will be no more place for Karadzic and Mladic.

Such stories about Banja Luka as a place in which the Bosnian Serbs will renew their European spirit, market economy, and civic freedoms will not be swallowed by the very exiled Banja Luka Croats (more than 50,000 of them), who have now been used in Croatia as the imported human dam for the emptied newly liberated regions. To the informed public, Banja Luka remains the empire of evil with or without Karadzic, but the bitter geostrategic and economic logic keeps on repeating that Banja Luka is particularly important to Croatia, with or without Croats in it. And Kasagic also knows how important Croatia is to him, both as the rich suburbs of the West and as a kind of shield (the corridor is only an emergency exit) against "Muslim retaliation and domination." Thus they could not receive Prlic as a "mere minister of some nonexisting Bosnia."

B-H: Ganic: Disagreements With U.S. on Iran Fighters Solved

AU1505201496 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 15 May 96

[FBIS Translated Text] Disagreements between Washington and Sarajevo concerning Iranian fighters in Bosnia-Herzegovina have been solved, Ejup Ganic, member of the President of the Republic and vice president of the Federation, said in Washington today. In this respect, Mr. Ganic added that Bosnia-Herzegovina has established diplomatic relations with Iran, albeit, not a cooperation in the military sphere. Several proposals of a military nature did arrive from Iran during the war, but they, as Ganic pointed out, fell into the ocean during the trip to Bosnia-Herzegovina. [sentence as heard]

B-H: Federation Forum Concluded; Joint Statement Issued

AU1505162696 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 15 May 96

[FBIS Translated Text] The one-day session of the Forum of the Federation was concluded by adopting a joint statement which (?precisely gives) individual parts of the talks held in Washington [word indistinct]. The first part of the statement refers to defense, followed by economic renewal, integration, elections and the media, freedom of movement, the institution of the Federation, and finally, measures in case what has been agreed is not implemented. The joint statement is based upon earlier agreements from Geneva, Sarajevo, and Petersburg. It also hails the results of the agreement from the [word indistinct] meeting of the Cooperation Council. The delegation also met U.S. President Bill Clinton. Envera Selimovic has the details:

[Selimovic] The law on defense is the (?key) step forward in the relations between the Federation parties. If that which is proposed is then [word indistinct] by the Federation Assembly, one defense ministry and a joint command will be established. (?Unification) of all formations will [words indistinct]. To put it simply, this is a [word indistinct] solution among proposals with which the two partners (?agree). A three-year deadline for the formation of a joint army of the [word indistinct] and the Federation is obviously a proposal by the U.S. side and a concession to the Croatian partner, which is trying at any cost to maintain certain characteristics of the HVO [Croatian Defense Council], as President Zubak put it. If all other obstacles are removed, this agreement opens the program of training and armament on which, in fact, the Bosnian side insisted and the disputed defense law was the key reason not to initiate the program.

The second important part of the joint statement is the economic renewal which is considered to be of key importance for the country's integration. Forum participants agree that necessary economic and financial [word indistinct] of the Federation be established by 31 May and thereby make possible an urgent delivery of economic aid from abroad. Secretary of State Christopher announced that new U.S. Commerce Secretary Mickey Kantor, accompanied by a business delegation, will soon travel to the Balkans with a view to continuing the mission of his predecessor, the late Ron Brown.

The Federation Forum also touched upon elections and ensuring conditions for them, above all, access to the media and freedom of movement. To ensure an equal access to the media, one hour a day will be ensured on radio and TV stations for programs pertaining to the elections from 21 May until the elections. As of 1 June, just access to the media should be ensured to the opposition parties and candidates and all possible obstacles to founding independent media must be removed.

With the joint statement, the obligation has been taken to ensure freedom of movement of the voters among expellees and refugees and their access to the candidates and journalists. As regards the part of the agreement regarding sanctions, the joint statement says that it has been accepted [passage indistinct] those people who would not implement what has been agreed will be removed from their posts, it is said in the statement. This stand will be formally regulated if the Assembly approves of the formation of [word indistinct] for the implementation of the Federation. As far as is known, this would only apply to officials at lower levels and not to the highest government officials.

B-H: Mayor of Eastern Mostar Asks for Help With Elections

AU1505203396 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 15 May 96

[Report by Halil Seta from Mostar]

[FBIS Translated Text] Following the Brussels meeting at which EU ministers failed to show any desire to postpone elections in Mostar despite the fact that not a single party from the eastern part of town wants to run in the elections. This is because, it is said, not even minimum conditions for conducting the elections have been met and also because following the first reactions to that [as heard], a series of meetings were held in Mostar discussing the new situation. First, a meeting of main counselors was held in the seat of the European Mostar Administration this morning, after which Ricardo Perez Casado met Safet Orucevic, mayor of the eastern part of Mostar. These two meetings were held behind closed doors after which journalists were told that Ambassador Robert Frowick, head of the OCSE [Organization for Cooperation and Security in Europe] for Bosnia-Herzegovina who visited Mostar today, will try to resolve the new stalemate.

Late this afternoon, Ambassador Frowick and Administrator Casado met Mayor Orucevic in the eastern part of town. After the meeting journalists were issued the following announcement from Orucevic's office: During today's talks, Safet Orucevic pointed out that the EU and the OSCE must coordinate electoral rules and make it possible for all Mostar residents to take part in the coming elections. Orucevic also presented the resolute stand of the Mostar Municipal Presidium that elections cannot be held until all Mostar citizens are given their constitutional right to vote and be elected.

Orucevic asked the OSCE Bosnia-Herzegovina Mission head for help in organizing the vote of Mostar citizens in third countries. The EU must remain in Mostar until the elections, regardless of their date, Orucevic said, and added that the withdrawal of the EU from Mostar would provoke a crisis in the entire peace process that would only suit extremists who want to [word indistinct] the town.

B-H: Ministry Urges Miners To End Strike

AU1505210296 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 15 May 96

[FBIS Translated Text] The meeting between Enver Kreso, minister of energy, industry, and mining, and representatives of trade unions of Tuzla and central Bosnia mines and the United Organization of Veterans of these regions ended by agreeing on increases in miners' wages, examining [word indistinct] and joint meetings. The agreements were signed by Minister Enver Kreso and Muhamed Bucic, member of the Republican Committee of the workers of the Bosnia-Herzegovina Mines.

The average miner's wage will increase by 60 percent and the difference paid by the end of May. May wages should be 60 percent more than those of April; June wages will also increase by 60 percent, but must not be higher than the average June wage of electricity generating industry workers. The future wages will follow average wages of workers in the electricity generating industry.

Other miners' demands will be discussed at a joint meeting of the Government of the Bosnia-Herzegovina Federation, Finance Ministry, Ministry of Energy, Industry, and Mining, and Trade Unions representatives. This meeting will take place within the next 10 days. It has been concluded that joint meetings of representatives of miners' trade unions, mines' management, and representatives of the respective ministry will be held monthly in the future.

Because some of the miners' demands have been met and others will be examined soon, the Republican Committee of the Trade Unions of Bosnia-Herzegovina called on the miners to immediately stop the strike and resume work.

B-H: Bosnian Weekly Interviews Indicted War Criminal

96BA0277A Sarajevo SVIJET in Serbo-Croatian 25 Apr 96 pp 20-22

[Article by Kresimir Meler: "The Order Came From Dedinje"]

[FBIS Translated Text] *VJ [Forces of Yugoslavia] Colonel Veselin Sljivancanin, accused of war crimes, reveals what happened after the fall of Vukovar.*

Colonel Veselin Sljivancanin became a publicly known figure in November 1991. Until then an aide to General Kadijevic, in Vukovar he was the JNA [Yugoslav People's Army] officer responsible for security matters. The International War Crimes Tribunal accuses him of being responsible, together with Mile Mrksic and Miroslav Radic, for the murder of at least 262 prisoners of war and wounded people who were taken from the Vukovar hospital. As we know, however, Sljivancanin is not yet in The Hague. What is not known is when—and if—he will leave. Just as it is unclear whether—and when—the other people indicted for war crimes committed in Bosnia-Herzegovina and Croatia will ever occupy the prison apartments in The Hague. At present, Veselin Sljivancanin is the head of the Center of Advanced Military Schools in Belgrade.

After we thanked him for agreeing to an interview, we asked him how it feels to be indicted for war crimes.

"I feel just fine. I do not know why I should feel any differently. Neither I nor Mrksic nor Radic did anything that we should be ashamed of. We were simply doing our duty. The indictment that you mention is a political document, and the blame for its existence, I will state openly, lies with certain Serb politicians who have placed us in an exposed position. The smallest number of accused persons comes from the ranks of the Muslims, and it is not hard to guess why that is."

However, we remind Sljivancanin, it is a fact that in Vukovar hospital patients and prisoners of war were killed and that he was the officer in charge of security. We ask him for his version of the fall of Vukovar.

"You say fall, but I say liberation. It is all very simple. After the revolt by a group of high-ranking officers over the poor conduct of war operations at Vukovar, the 1st Guard Brigade went there, under Mrksic's command, and I was responsible for military security. In the field we met up with Zivota Panic, who was, in his words, 'leveling the ground' with artillery. I thought that that was excessive, and I said so, but I was told that that was the order from Dedinje and that that was the only way to break the ustasha resistance because they had taken up positions in apartment buildings and private homes, practically everywhere. Still, I wanted to minimize the number of casualties or at least the material damage, so I contacted Jovic and Kadijevic. Both of them confirmed to me that Vukovar should be captured by all possible means, after which we were to push on to Zagreb in two directions. I believe that was around 1 November. I said that I thought that it was a little too late for Zagreb, that that should have been effected from the barracks, but I continued to perform my duties."

During the discussion of Vukovar, we note that at no point does Sljivancanin mention the paramilitary forces, even though they were armed at least as well as the JNA.

"We had no control over them. All of the weapons of the 'White Eagles,' the 'Tigers,' and Seselj's Radical Party came from the Serbian MUP [Ministry of Internal Affairs]. There were criminals and even Albanians among them, who only looted and got in our way, and there was even fighting between our forces and them. When I complained about that, I was ordered by Jovic's office to offer logistical support to the paramilitary formations because that had been agreed to among the Presidency, the General Staff, and the MUP. I think that everything at the MUP was organized by Jovica Stanisic."

We are interested in what happened after the capture of Vukovar, and in how many people disappeared or were killed, in Sljivancanin's opinion.

"After entering Vukovar, I went to the hospital with Mrksic, and there I met with Dr. Njavar and Dr. Vesna Bosanac. The discussion related to an evacuation of the wounded. Also present were international observers, and in front of them Dr. Bosanac gave Mrksic a list of wounded and other people who had to be evacuated. Mrksic sent the list off to be copied, and that is probably when it fell into the hands of one of Seselj's people. We then went off to meet with the medical staff. When I emerged from the meeting at Radic's prompting, I learned that full buses had left for Ovcara and the Bulgarian Cemetery. We set out after them, but Seselj's people stopped us. They also told us who had ordered this, a very popular politician, and Seselj said that he would not stop until the order had been carried out, because we were all weaklings and traitors. He had a great deal of respect for Zivota Panic and Nedeljko Boskovic, who at the time was practically the head of the KOS [Yugoslav Counterintelligence Service]. I think that at least 1,600 prisoners were killed on 18, 19, and 20 November.

"Especially brutal was one Albanian Seljmani, a certain Bedrija. However, I must emphasize that here too it was not a question of war crimes. We were a military force suppressing a revolt by paramilitary forces in the territory of the sovereign state of the SFRY. That is allowed by all laws."

Reliable and well-informed sources say that after Sljivancanin was indicted in The Hague, several days before he moved from Podgorica to Belgrade, he was visited by representatives of the military prosecutor's office and the General Staff who told him that they were seriously considering extraditing him, Mrksic, and several other officers of the former JNA in order to avoid very certain sanctions against Yugoslavia. Sljivancanin allegedly took this news calmly, but immediately after his guests left called up Mrksic, Radic, and Mladic. In the presence of a high-ranking officer in the Yugoslav military intelligence service, Dimitrijevic, it was decided that "they could leave for The Hague only if they are accompanied by their colleagues."

That same day, this group sent messages to several important addresses, including the office of Slobodan Milosevic. It was stated there in a not exactly diplomatic way that "a group of officers who are currently being considered for sending off to The Hague risked their lives and reputations to save Yugoslavia, and in return they are being threatened with punishment for having conscientiously carried out the missions assigned to them."

There is also a threat of "the publication of documents that are in safekeeping with an attorney but that will be publicized if anything happens to any of the four signers of the letter or if anyone is extradited to the International Tribunal." A few days later, Sljivancanin was transferred to Belgrade.

According to a high-ranking officer on the VJ General Staff who wishes to remain anonymous, the documents with which Milosevic as well as the General Staff were confronted could indeed be damaging. One of the documents, dated 12 October 1991 and signed by Blagoje Adzic, contains orders "to units of the JNA and volunteer units to use all available means to complete the crossing of Vukovar as soon as possible and to continue the advance toward Zagreb." It is also noted in the same document that "in this phase of combat operations, no prisoners can be taken because of the impossibility of adequately sending prisoners to collection centers in the territory of Yugoslavia." Similarly, Sljivancanin has allegedly gotten his hands on a recording in which Zivota Panic, who actually led the attack on Vukovar, orders his units to "fire randomly, that is the most effective way, because there are ustashas in all the parts of Vukovar." Our source asserts that Panic also approved firing on the hospital because "there are many ustashas hiding there, there are practically no patients at all there." Interesting orders also arrived on the eve of the fall of Vukovar. According to documents shown to us, Veljko Kadijevic and Blagoje Adzic proposed at a meeting of the Main Staff—a proposal that was adopted—that "after entering Vukovar there be formed drumhead military courts to condemn, on the spot, persons proven to belong to ustasha formations and to have committed war crimes." This task was entrusted to Vojislav Seselj and Zivota Panic, and they were personally authorized to do this by Veljko Kadijevic.

Similarly, Veselin Sljivancanin and Mile Mrksic are ordered in the documents to "secure the transport of prisoners to their destination," while Blagoje Adzic notes that "it is not necessary to observe the Geneva Convention, because this is not an international conflict, but rather the destruction of fascist-terrorist and paramilitary formations on the territory of an internationally recognized state, and the action is being carried out by regular federal forces."

At the end of our interview, returning to the question of blame for the events in and around Vukovar, Sljivancanin says:

"The ones to blame are the Serbian leaders who are now recognizing the secessionist states, while our blood was obviously shed in vain, we bloodied our hands in vain. The Croats and Muslims are not turning their people over, and that is sensible. If we are to go to The Hague, then the people who commanded us and launched the entire action will keep us company. I have enough evidence that is in any event in a safe place outside this state."

So much for Sljivancanin. Naturally, the orders that he and Mrksic gave relating to the treatment of civilians and patients are passed over in silence. But it is quite certain that the other side will speak up.

Meanwhile, those who are less resourceful will end up in The Hague. The forces are divided, for now, in both the General Staff and in the VJ rank and file.

Croatia: Susak-Perry Ties Seen Key to NATO Membership

AU1505124896 Split NEDJELJNA DALMACIJA in Serbo-Croatian 10 May 96 p 6

[Article by Emil Vidusic: "Only Susak and Perry Can Lead Croatia Into NATO"]

[FBIS Translated Text] Good and bad news usually come together. Good news recently reached us from Strasbourg: Croatia could finally be admitted to the Council of Europe. The news from Brussels is not good. The West is not going to admit us into NATO by the year 2000, which also means that we will have to wait a long time to become a member of the European Union.

It is understandable that the first piece of news was received with delight, and the media gave it a lot of coverage. But it is hard to understand why, in the month in which the regular ministerial meeting of the NATO Council is to debate the admission of Croatia into the Partnership for Peace, the unpleasant news from Brussels, which was sent out into the world by the London correspondent of the OBSERVER, attracted so little media attention.

Because if three members of the eastern alliance, i.e. the Warsaw Pact—Poland, the Czech Republic, and Hungary—were given guarantees by the leading western ministers and generals that they would be admitted to NATO "by the end of the century," and maybe to the European Union, and of all the states of former Yugoslavia only Slovenia was given a chance of being admitted to NATO by the year 2000, then a few interesting questions arise. How did these four countries deserve to be admitted to the western associations, whereas Croatia, despite the stories told to the domestic public that membership in the Partnership for Peace was not in question and admission to NATO only a matter of days, was nevertheless left to wait? Does President Tudjman have a reserve maestro up his sleeve who could bring us closer to NATO? Was the central European "pas de quatre" from the Baltics to the Adriatic really such a slap in the face by the West that Croatia must wait until the beginning of the next century, or does this rather concern a justification of old mistakes [sentence as published]? Let us consider a few options for the present situation and for future developments in international and military relations between the countries of central Europe and those in the West.

Rewards for Obedience

From a historical analysis of postwar events in the countries that have been given a chance to join the associations, it is not hard to conclude that they gained the sympathy of the West a long time ago because of their defiance of Moscow. The rebellions in Poland and in Hungary in the fifties and in the former Czechoslovakia in the sixties, which were repressed with Russian tanks and a parachute raid in Prague, represent a big political credit for democracy in Warsaw, Prague, and Budapest.

In the course of the war on the territory of former Yugoslavia, all these four states behaved as western diplomacy asked them to—avoiding (open) involvement in the armed conflict, showing support for western diplomacy, and avoiding any particular conflicts with Moscow. In a word—obedience.

More than other republics of former Yugoslavia, Slovenia is "traditionally" seen as the one that is most western-oriented of all the states created after the disintegration of Yugoslavia. In the West and in Ljubljana it is gladly said that the Slovene communists were the first to leave the fourteenth congress of the [communist] party. At the time of the bloody aggression on Croatia and Bosnia-Herzegovina Milan Kucan clearly recognized the course on which to steer his ship of state.

At the same time in Croatia various European missions carry out almost daily on-site inspections of the degree of democracy, human rights, the situation in the media, and so on. The impressions that they take with them to Strasbourg are not always the same as the impressions they get in the mentioned countries.

Croatia Underestimated

European experts are very critical towards Croatia regarding the economy as well. They do not recognize the indicators of a war economy. Instead they use analytical and synthetic comparisons for economic indicators according to their own peacetime standards. That is why our economic indicators can still not be found in the reputable world yearbook of THE ECONOMIST INTELLIGENCE UNIT or the Union for Economic Information [sentence as published].

It seems that zero inflation and per capita national income in Croatia only serve for internal use within the state borders, whereas abroad they tend to be underestimated; on the other hand, the 20 percent annual inflation in Poland and Hungary is not underestimated. Likewise it is not overestimated that the national income in the four countries ranges from 3,400 dollars in Poland to 4,900 dollars in the Czech Republic, which, at 8 percent, has the lowest inflation rate of these countries.

Although these indicators are beyond dispute, and they confirm that Poland, the Czech Republic, Hungary, and Slovenia have a considerable advantage over Croatia, NATO is not only a political or an economic organization, but first and foremost a military-political organization. It is thus quite logical that a whole range of military variables should determine the choice of countries that can become members of the North Atlantic Alliance.

It cannot be denied that the countries admitted to the Partnership for Peace have not made any great advances on the way to admission to NATO. In accordance with the agreement on conventional forces, signed in Paris on 19 November 1990, they have been given limits for the size of their armed forces—230,000 for Poland, around 80,000 for the Czech Republic, and up to 100,000 for Hungary, although it cannot have so many soldiers in peace time, and neither can Slovenia. In that way, their armies "have come closest to the western standards in the transformation of their armies"—those in Brussels claim.

The Friendship of Ministers

However, is the future of Croatia's admission into NATO in the military aspect as gloomy as is indicated by the OBSERVER reporter? No! Because, first of all, the argument that "Hungary deserves membership in NATO because it allowed the transfer of IFOR [Implementation Force] troops through its territory, and the use of its bases" does not hold. If that is not insulting for Zagreb, it is at least ridiculous. From 1992 to this day, Croatia has permitted the transfer of tens of thousands of members of international ground forces, flights of several thousands of military and other aircraft over its territory, the unoffensive arrival of hundreds of ships in its territorial waters, and the use of many of its military bases for the needs of UNPROFOR [UN Protection Force] and IFOR. It is really meaningless to give the advantage in that respect to Hungary (and what about Slovenia?!).

Peacetime exercises within the Partnership for Peace are not the same as real war military experience, which the Croatian Army and Police have acquired over years. If the West "forgets" or does not want to know such facts, the United States has not forgotten them. It wants to know them, and the top man at the Pentagon, Defense Secretary William Perry, does in particular. That is because one doesn't often see or read in the world about the private and official relations between defense ministers, such as the ones that exist between Perry and Gojko Susak [Croatian defense minister]. Thus, along with the war experience of the Croatian armed and police forces, the relationship between the two ministers can and must be an additional spur for the maximum effort to be made to have Croatia become a member of the Partnership for Peace, and join NATO even before the year 2000.

When it comes to relations between the two defense ministers, one can forecast with almost mathematical precision. The admission of Croatia into the North Atlantic Alliance and later into the European Union will be proportionate to the degree of their mutual understanding. Susak recently hinted to something similar when he said that relations between Granic and Christopher can be very good, but they can never be like the relations between him and Perry.

Whether Croatia will join the "partners" this month will be known soon. But if our 51-year-old Defense Minister Susak, who for many people in the country and for not that many people in the world is a controversial figure, leaves office for any reason, or if that happens to Secretary Perry, the bad news from the OBSERVER could become a reality. Croatia would then really have a long wait for admission to the western associations.

[Box, p 6]

Order of Admission Into Western Associations (according to OBSERVER)

1. By the year 2000, Poland, the Czech Republic, Hungary, and Slovenia will join NATO.

2. At the beginning of the 21st century, these countries will join the European Union, together with Cyprus and Malta.

3. It is expected that Estonia, Latvia, and Lithuania could join the European Union, and they could become associate members of the WEU [Western European Union], but they will remain outside NATO.

4. Albania, Bosnia, and Macedonia are candidates for NATO membership, but they have not yet applied for admission.

5. Countries whose admission into NATO would be vetoed by Moscow: Slovakia and Bulgaria.

6. Postponed admission: Romania.

7. Croatia (?) and the Federal Republic of Yugoslavia have not applied for admission to NATO and the European Union, and "the West does not considers them likely candidates."

Croatia: UNTAES Takes Over Oil Field in E. Slavonia

LD1505212396 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 15 May 96

[FBIS Translated Text] The interim administration office of the Government of the Republic of Croatia received a statement this evening from the UN Transitional Administration in Eastern Slavonia [UNTAES] office in Vukovar which says that yesterday, UNTAES military formations successfully took control of the Djeletovci oil field

The combined forces of Jordanian mechanized infantry and Ukrainian helicopters, under Belgian command, took over control of the oil field from the paramilitary Scorpion units. The paramilitary units, accompanied by UNTAES military units, left the area and headed for the Tovarnik border crossing, the statement says.

Belgian bomb disposal experts are checking to see wheher there are any mines in the oil field or in nearby facilities. UNTAES expects that the oil field, which has been closed since 19 April 1996, will resume production in the next few days.

Croatia: Political Manipulation of Soccer Fans Criticized

LD1505165796 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 15 May 96

[FBIS Translated Text] The Croatian Democratic Union has addressed a statement to the citizens of Zagreb and Croatia and to Croatian youths which, among other things, says:

Recently we have been witnessing soccer stadiums becoming arenas for political contest between supporters in the service of different political goals or beliefs.

Some individuals are consciously using political manipulation of the young who support their clubs from the heart and without premeditation.

The most visible form of political manipulation of supporters takes place at stadiums where the Croatia Soccer Club of Zagreb plays.

Constant chants by supporters for the return of the old club's name Dinamo from the period of socialist Croatia and Yugoslavia have been joined by chants of supporters against the Croatian Democratic Union and Croatian President Franjo Tudjman.

The aim of such chanting is an open political attempt to find ground among the Croatian youths and supporters for sowing dissatisfaction and political manipulations against the authorities.

The name of Croatia Soccer Club, the biggest and best supported sports club in Zagreb, is therefore an excellent example where one can see concrete attempts by individuals to manipulate the supporters by insisting on a return to a new kind of neosocialism, or even Yugoslavdom [jugoslavenstvo], and therefore Balkandom [balkanstvo].

No one seriously would dispute the contribution to the club and the homeland war in Croatia of young supporters of Croatia Soccer Club, "the Bad Blue Boys." Many gave their lives on battlefields of the homeland war to defend Croatia and Bosnia-Herzegovina. Many members of the Bad Blue Boys are at the same time members of the Croatian Democratic Union.

But we have to ask ourselves why individuals do not want to accept the name Croatia for the club, which symbolizes Croatian efforts in the last few years to form a state and bring affirmation to Croatian sports, and are prepared to manipulate the young in the name of their political beliefs.

The name Croatia is a logical synthesis of the positive heritage of old sports clubs from Zagreb—HASK, Gradjanski, and Dinamo—which fought for Croatia together, and were the gathering places of patriotic Croatian youth.

Do not allow these individuals, with their vulgar chanting and political provocations, to use young people to achieve their aims, the statement of the Croatian Democratic Union says.

Croatia: National Bank Head Interviewed on Policies

AU1605112296 Zagreb VECERNJI LIST in Serbo-Croatian 11 May 96 pp 10-11

["Exclusive" interview with Marko Skreb, governor of the National Bank of Croatia, by Deana Knezevic; place and date not given: "We Have Not Agreed on Everything With the Government"]

[FBIS Translated Text] In times of high inflation, the National Bank of Croatia was criticized for supporting a financial mess with its policy and in that way making economic growth impossible. Now that inflation has calmed down and the economic results do not fulfill expectations, the central Croatian bank is being blamed once again. It is mentioned by businessmen, bankers, and by politicians. Last week the governor was invited to a meeting with the prime minister. A few days later in his office, he was visited by the representatives of the Assembly Committee for State Budget and Finances. Marko Skreb, governor of the National Bank of Croatia, talks in this interview about the content of those meetings:

[Skreb] Those meetings were not secret, but the purpose was not to report them to the public. The central monetary authority in Croatia is independent, that is, it is obliged to report only to the Assembly, but we wish to have normal relations with those institutions. The visit of the representatives from the Committee for State

Budget and Finances is an expression of a wish to open a dialogue with that institution, so that every topic that is of significance to the economy can be discussed. The president of the committee regularly attends the sessions of the bank council, although he is not a member of that body, precisely so that the Assembly, as the supreme legislative body, can through him be acquainted with the guidelines in the policy of the National Bank of Croatia. We talked about a wide range of topics, from the issues of solvency and the exchange rate, to the general orientation in politics, without any intention of making any conclusions or changing the course.

With the meeting in the government we wanted to coordinate the policies, because the fiscal policy and economic policy in general influence the monetary policy, just as the policy of the National Bank of Croatia influences the policy of the government. We talked about the inflow of capital that we expect. The government drew our attention to things that it sees as problems. Those were general, coordination meetings, without any bigger dramas. For the whole picture not to be too idyllic, I will add that we of course did not agree with the government on all issues, but we did agree that in some things we did not agree, and that is already a lot. We completely agree about general orientations, and as for details, sometimes there are different interests involved there. But after all, that is why these two different institutions exist.

[Knezevic] Is the fear of the minister of finance really justified, namely that because of the lack of kunas he will have to collect taxes in foreign money?

[Skreb] Your question actually refers to whether the National Bank of Croatia will change its policy and emit more kunas, and buy more foreign money than it has up to now. The answer is yes! However, not because we are changing our policy but because we planned that already two years ago. One tends to forget that the movements of monetary aggregates in Croatia are very liable to seasonal changes. At the beginning of a year the monetary aggregates as a rule grow slowly. In summer because of tourism monetary aggregates grow more and in the course of June and July we plan to buy much more foreign money than in February—not because we will change our policy but because that is the need of the season. In most countries and here as well, February is a period of big expansion. That is why it always seems that, for example, in comparison to December February is restrictive. To the allusion from your question, I will answer: Yes, we will buy more foreign money, but not because of those two meetings, but because we have planned that in our annual projection.

[Knezevic] When the Bank of Zagreb and the Economic Bank [Privredna banka] limited the purchase of foreign money for citizens and for companies, introducing the provision of 3 percent, they also appreciated [aprecirali] the kuna. At that moment nothing special was going on on the money market, and the solvency was satisfactory. Why, in your opinion, did the two banks resort to those measures?

[Skreb] In Croatia people are too focused on the rate of the German mark. In the course of 1995 and in the first three months of this year Croatia exported most goods to Italy. For example, the rate of the lira on 8 May of this year, in comparison to the end of April of last year, grew by 22 percent in relation to the kuna. That means that today all those who export to the Italian market in kunas get 22 percent more than they did a year ago. However, nobody speaks about that. In relation to the dollar, the kuna deprecated by 12.5 percent. The nominal relation of the kuna and the mark must be seen relatively. The mark is not the only currency that is important to Croatia, and is not the only currency one should trust. I can make two conclusions from that: First, that people here still do not know what a currency risk is, because everywhere in the world it is normal that relations between currencies vary; and second, that that is an additional reason (now I speak as an advocate of a united Europe) to introduce the "euro" as soon as possible, and to make Croatia a part of Europe in that respect as soon as possible.

It is a fact that first the Bank of Zagreb and then the Economic Bank 'appreciated' the kuna. The Bank of Zagreb had an increased inflow of foreign currencies, with liquidity problems at the same time. But the National Bank cannot have any special policy toward one bank, no matter how big it is. Until now only three banks have been given intervention credit, which is evidence that liquidity is relatively high. When the rate of the kuna in relation to the mark changes, people always think that the problem lies in the kuna, and they forget that it could also be a consequence of a change in the rate of the mark in relation to other currencies. We have to resist the terror of everyday life. By that I mean the excitement caused by even the smallest changes in the exchange rate, or by a monthly price growth of, for example, 0.5 percent, with which everybody automatically says that the stabilization plan has failed. Two and a half years of stability is a period long enough for us to be able to turn to the medium term. And just as I am not worried by this, in the same tome I will not be worried if in three days the rate of the mark is 3.71.

[Knezevic] Do you view the movement in production and exports with the same lightheartedness?

[Skreb] In the short term, yes! Those movements are also subject to seasonal oscillations, and on the basis of one-month data on export and import it is not possible to make long-term conclusions. The structure of the Croatian economy is significantly different than the structure of the former Yugoslav economy. When the United States exports a ship, it will not be particularly reflected in the statistics, as the ship will be lost in the whole of the exports. In Croatia the export of one ship will change the whole picture of exports. I would not say that I am lighthearted about the movement in exports and production, but I am not worried about the data on the foreign trade deficit. The only way to achieve greater economic growth under these conditions is for Croatia to have a deficit on the current account of payments balance [platna bilanca]. And I would like somebody to tell me how Croatia could expedite growth and have a surplus, because a surplus means the export of capital, and means that we finance other countries. And is Croatia in the position to give credits to others?

[Knezevic] In the eyes of one part of our export economy, which loses its breath on foreign markets, the exchange rate policy is to blame....

[Skreb] Recently I visited one successful holding company which, among others, works with textile. I asked their general director what he thought about the rate. He answered in the following way: He, of course, would prefer to get four kunas for one mark. But the rate is as it is, it is expected to stay that way, so he turned to expenses. In one year the expenses have been reduced by 50 percent. A few top managers work 10 to 12 hours, but for top salaries. The results are good, and there are no more objections about the exchange rate.

The exchange rate is determined by the market. Do people really think that it is possible to keep the rate on the same level for two and a half years with tricks? Well, the National Bank of Croatia participates in the total of foreign money transactions with around 10 percent only. As for exporters, the problem is that such a rate requires a change of mentality. For years the producers have been taught that, when difficulties come, they should not reduce their expenses, but instead increase final prices. And what followed then was pressure on the exchange rate. And that is not a market-oriented behavior. Export is not a patriotic duty but an economically profitable business for those who are competent and who have a market.

[Knezevic] Pressure for the rate policy to be changed does not only come from the economy but also from other structures. What is your response to the claim that the policy of the National Bank of Croatia is more restrictive than the "currency board," that is, than the system that allows an increase of monetary mass only to the extent of the inflow of foreign currencies?

[Skreb] The principle of the currency board is to create monetary mass exclusively on the basis of the purchase of foreign currencies. But I believe that there are some illusions in relation to that. First, in that system any crediting of domestic subjects is forbidden, neither that of the state nor of the banks. Second, currency board acts in two directions. If there is no inflow, there is no emission. But what if there comes to outflow of foreign currencies? Monetary mass has to be reduced in that case, even if through that economic growth will be endangered. Third, countries in transaction which have that system, Estonia and Lithuania, have still not managed to get rid of inflation. Inflation in Lithuania amounts to 20 to 30 percent a year. I repeat, under such conditions the National Bank of Croatia could not give any credit to the state.

I believe that all such thoughts are a result of one short crisis of solvency, which was more of a psychological nature than really confirmed by the data. The currency board is a type of monetary policy that is conducted according to strict rules, and for me as the governor it would be much simpler to hold on to such rules and not have to decide if I will give credit, and how many foreign currencies will be bought.

[Knezevic] To what extent is the solvency of the kuna absorbed by state consumption?

[Skreb] The state itself has a low debt with the National Bank of Croatia. Its deposit is bigger than the credit. Debts are much bigger in the banking system, and there is a different situation. At the moment the state owes 550 million kunas to the National Bank of Croatia, which is within the legal limits, and its deposits are over 700 million. The problem is not in the state, but in the parastate institutions and in state-owned companies. True, they can have debts only with banks, but in a specific way—by nonpayment of bills. The unpaid debts registered at the ZAP [expansion unknown] amount to around seven billion kunas, and they are approaching the amount of the monetary mass, which at the moment amounts to 8.6 billion. A big part of such form of debts refers to the state-owned sector of the economy.

[Knezevic] Why is it that the monetary aggregates, for example last year, grew by 40 percent, and inflation was only around 2 percent, and yet people still talk about the restrictiveness of the monetary policy? Or simply—where is that money, if the production has not been increased?

[Skreb] There are several explanations for that. In the conditions of high inflation, a big part of traffic was conducted in foreign currencies. After prices stopped growing, the domestic currency took over the space of the mark. In September 1993 the monetary mass amounted to 550 million marks. Today it has grown to around 2.4 billion marks, it has increased four times. The last year's increase of 40 percent refers to the wider monetary aggregate, which includes foreign currency deposits as well, and what stands behind that, in my opinion, is the restoration of trust in the domestic banking system. That trend was most obvious after the signing of the Dayton agreements. After Dayton the foreign currency deposits grew fast, and they still grow.

[Knezevic] Together with the pressure for the increase of the monetary mass, there is also an ever stronger pressure for the reduction of obligatory reserves. What are the plans of the National Bank of Croatia?

[Skreb] We are completely aware that the rate of obligatory reserve on the kuna deposits is high. It is 40.8 percent. However, I will say something in our defense. The obligatory reserve of the business banks set aside by the National Bank of Croatia amounts to exactly 5 percent of the total assets of the banks. I agree that the rate of obligatory reserve is high, but let the banks answer what the quality is of the remaining 95 percent of their assets. Unlike most other countries, the National Bank of Croatia compensates for obligatory reserves: On 30 percent one gets the compensation of 5.5 percent, and on 10 percent the compensation is 16.5 percent. Whereas with other placements there is a credit risk, here there is none. Those reserves are safe. One can hear that some banks borrow money with the price of 5 to 6 percent a month. But if I were a banker, I would not give any credit to someone who wants to accept the interest rate of 6 percent a month. Unfortunately, high obligatory reserves are necessary in the conditions of big capital inflow. If there open market instruments existed, we would be glad to use them, but thus we were forced to raise the obligatory reserve, and to reduce the monetary multiplicate [multiplikat]. Before the end of this year or the beginning of the next one there will still be no conditions for the reduction of the obligatory reserve.

[Knezevic] These days it can be heard that the time has come for the foreign currency savings, which the domestic banks had to deposit abroad, be returned to the country. Have there been any official requests in that respect?

[Skreb] Yes, that has been requested in an official form, and we have already talked about that request several times. I have to remind you that the intention of that decision was to restore trust in the domestic banking system after the unfortunate actions of 27 April 1992, when the foreign currency deposits of the citizens were blocked and around 5 billion marks were frozen or forcibly imposed a term of 20 years. At first, in order to restore trust in the domestic banks, even 100 percent of savings were deposited in foreign banks. In time that percentage decreased. Now we are facing pressure and the wish that part of the obligatory deposits in foreign banks be further reduced. In principle I see no problems for that. The main obstacle is the monetary one. The pressure of foreign currencies continues. The problem of the National Bank of Croatia is how to buy all those foreign currencies without an inflation effect. If we reduce the obligation of the banks to keep the foreign currencies abroad, that is the same as taking a new loan. Reducing the obligation of depositing foreign currencies in foreign banks could mean several hundred million marks more on the domestic market, and the first consequence would quite certainly be further 'appreciation' of the exchange rate. Is that our goal?

[Knezevic] There is an objection that Croatia keeps savings in foreign banks with lower interest rates, and later takes loans from the same banks with higher rates....

[Skreb] Nobody tries to dispute that. But the answer is not black and white. It would be fatal if tomorrow we made a decision on drastic changes in that respect, and we will not do that. Already now we have problems with the absorption of foreign currencies, and we cannot risk having 1 billion marks on the market overnight. A strengthened kuna would be fatal for tourism, but for many other things as well. The placements on banks grow at the rate of 20 percent a year, and that denies the criticisms that claim that there are no domestic placements. I agree that the problem is in the structure of those placements, but that question should be posed to the managements of banks. If those credits do not go to healthy companies, then that is a big problem, but it will be very hard to solve it from this place. That is why we fear the pressures for the creation of a more expansive monetary policy, because that will not help us force the business banks to make healthy allocation of their means.

[Knezevic] Is there a possibility for interest rates to be lowered soon?

[Skreb] There is such a possibility. It is possible to carry out the recovery of banks faster. There are already predictions that interest rates will fall on the 'overnight market' because two permanent addicts have already started the process of recovery [sentence as published]. I can say that we will go into a more decisive reform of the money market, once the process of the recovery of banks improves a little bit. Once the demand falls, no healthy bank will take credits with such interest rates. Structure changes will surely give results. However, sometimes it happens that the supply of money is bigger than the demand, and yet nothing happens with the interest rates. It is a consequence of rigid behavior, a psychological component that can be dangerous because, if everyone has negative expectancies, they can eventually come true. If everyone believed that devaluation was possible, and for that reason started buying foreign currencies, there would indeed come to devaluation.

[Knezevic] Have you got an impression that all problems and reasons for tension are directed towards the National Bank in an almost synchronized way?

[Skreb] I have the same feeling.

[Knezevic] If you stepped out of your authority and went into a "counterattack," what would you say to those who criticize you? What is it that in your opinion other protagonists in the economic life should have done, and yet did not?

[Skreb] In Croatia there is a belief that the central monetary authority is responsible for the majority of problems in the economy. People keep saying that there are no kunas.... If the recipe for the making of gold were so simple, why would not others resort to it? Why do Germans not emit money, instead of reducing social programs? Why does Chirac expose himself to criticism and to the danger of losing the elections? Finally, why were the criteria of Maastricht made, and made by people who had spent some time in school? My message to the critics would be to turn to companies and to their expenses.

When Lee Iacocca became the head of Chrysler, he called his directors and asked them what the limit expenses in their segments of work were. Those who did not know were fired straight away. Ask in our plants how many managers know how big their limit, or average, expenses are. In our big companies people still do not know the prices of things, so how could they reduce the expenses? People with particular qualities are required for that, people without sentiments and emotions, and they should be employed in the restructuring of banks and state-owned companies. One bank, on the recovery of which there were long deliberations, started reducing its expenses two days before the decision because they realized that they had to do something. Now there are considerations on whether it is really necessary for all our banks to work in two shifts, because that demands big expenses. Why do banks pay interest on current accounts, if that is transaction money? Which of our banks has started dismissing people, although the assets per one employee in our banks are several times smaller than abroad? I am glad if we get constructive suggestions and criticisms about the policy of the National Bank of Croatia, because we do not think that we are perfect, or that we have the best policy in the world. But, I would like to remind of the old proverb: Sweep in front of your own door, too. What has been done about the restructuring of expenses in those institutions? If one serious foreign bank with big capital appeared, relations could change significantly.

[Box, p 10]

Bosnian Serbs Use the Kuna?

[Knezevic] How much monetary mass is engaged in Herzegovina?

[Skreb] I have no precise information on that. In the Croat parts of the Federation of Bosnia-Herzegovina both the kuna and the German mark are used. Informally I have found out that the kuna is also used on the territory of the Serb entity in Bosnia-Herzegovina, because it is stable. I do not believe that more than 10 percent of the cash money has been engaged in Herzegovina, keeping in mind the number of the population and everything else.

[Box, p 11]

Croatian Money in Eastern Slavonia

[Knezevic] At the government's session on the reintegration of the Croatian Danube region [eastern Slavonia], a plan for the introduction of the kuna into that region was also mentioned. In what period and under what rules?

[Skreb] It is a plan of the government, on which UNTAES [UN Temporary Administration for Eastern Slavonia] has still not given its position. It says there that the kuna would be introduced on 1 August. It is still hard to talk about the details; it has not been precisely defined. We talked about that over lunch with General Klein [temporary administrator for eastern Slavonia], but he himself said that until now he had been more engaged with demilitarization. The crucial thing is the traffic of payments [platni promet]. Everything else is less important. When you have the traffic of payments in your hands, then you have financial control over the system. I am an optimist, and I believe that that will function.

FYROM: Foreign Minister Requests Extension of UN Mandate

AU1605111896 Paris AFP in English 1105 GMT 16 May 96

[FBIS Transcribed Text] Skopje, May 16 (AFP)—Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] has asked that the mandate of UN peacekeeping forces stationed on its territory and due to expire at the end of the month be extended for a year, local news reports said Thursday.

The request was sent to UN Secretary General Butrus Butrus-Ghali by Foreign Minister Ljubomir Frckovski, who believes that the mandate should be extended because the situation in ex-Yugoslavia remains unstable despite the Dayton peace accord, press reports said.

The UN Security Council agreed in December 1992 to send 1,000 UN troops to Macedonia to prevent hostilities in the region from spreading to the former Yugoslav republic. The force includes 500 U.S. troops and 500 soldiers from Nordic countries.

Frckovski in his letter to Butrus-Ghali said tension remained on the Macedonia border with Kosovo, the Serbian province populated mainly by ethnic Albanians.

He also expressed concern about relations between Turkey and Greece and said the Macedonian army at this point was not capable of defending its borders.

FYROM: Lack of News on Visit by Russian Delegation Criticized

AU1505183796 Skopje DNEVNIK in Macedonian 15 May 96 p 11

[Commentary by Aleksandar Damovski: "Why Conspiracy?"]

[FBIS Translated Text] A high-ranking Russian Army delegation is currently visiting Macedonia [The Former Yugoslav Republic of Macedonia— FYROM]. Only DNEVNIK reported that the delegation was arriving in Skopje to hold talks with representatives of the Defense Ministry and the Army of the Republic of Macedonia. DNEVNIK also noted that the visit could result in the signing of cooperation documents.

The first meeting at such a high level between the two armies was held in Moscow last June. As for the first meeting in Skopje, the public found out about it from "reliable sources of the Russian Embassy in Skopje."

Is this the proper procedure?

Informing the public about the activities of the Ministry of Defense and the Army is, or should be, one of the most important aspects in the project that is called democracy and [part of a] civil society. Even if it is not so, it is undoubtedly true that, until now, the information services of these institutions have always informed journalists and the public in due time. This particularly refers to the visits of numerous foreign military delegations from the West.

The visits of various generals, colonels, and even bureaucrats of the ministries of defense and the armies of Western countries have usually been announced, and they still are, at least one day in advance. Their visits are followed by statements, and sometimes by news conferences and interviews. Frequently, the army experts and their hosts are discussing matters that are not meant for the public, but there have always been attempts (very successful ones) to make it all look open and transparent. This is how it normally should be done. There is nothing harmful in giving an impression that we have been overwhelmed with visits by Western military experts, officers, bureaucrats, and politicians—it is for our own benefit.

All of a sudden there is a surprise. The Defense Ministry is hushing up the visit of a high-ranking Russian Army delegation. As usual, there was a press release on this yesterday, but the early notice was missing.

Is this a consequence of the intention to hush up the stay of the high-ranking Russian Army delegation? The visit of the Russian delegation follows increasing speculation that Macedonia is importing or intends to import Russian arms. In his interview for DNEVNIK, the acting ambassador of the Russian Federation in Macedonia, Yuriy Petrovich Trushin, said he does not have any such information; he added that it is necessary "for Macedonia and Russia to start a broader military and technical cooperation."

When some members of parliament commented on the supply of Czech aircraft, asking whether this would cause us to be closer or more distant from NATO's standards, Macedonian Defense Minister Blagoj Handziski replied that this supply must not be associated with a possible moving away from fulfilling the conditions for Macedonia's full membership in NATO.

Are not these speculations and this semiconspiratorial visit of the Russian Army delegation a sufficient reason for journalists to start asking Defense Minister Blagoj Handziski about what is going on, what are the plans, and what is being purchased?

Nevertheless, let us hope that the Defense Ministry did not intend to hush up the visit of the Russian Army delegation. Let us hope that the office of Minister Handziski was simply having a busy day, that it simply forgot to tell the public about the visit. Finally, let us hope that Minister Handziski will meet his duties and inform the public about the topics of the discussions between the Macedonian and the Russian military authorities.

If not, speculations will mount and nobody will profit from them, except perhaps some "sources close to...."

FYROM: Military Cooperation With Russia Increasing

AU1505161496 Skopje MIC in English 15 May 96

[FBIS Transcribed Text] A delegation of the Defense Ministry of the Russian Federation, led by colonel Victor Pavlovich Evgenevich, chief of the Department on cooperation of the Head Administration for International Relations, arrived in Macedonia [The Former Yugoslav Republic of Maceodnia—FYROM] yesterday.

The delegation was received by the Minister of Defense Blagoja Handziski and the deputy chief of the General Staff of the Macedonian Army General Lieutenant Colonel Janakie Manasievski. The meetings were also attended by the ambassador of the Russian Federation to Macedonia Jurij Petrovich Trusin.

At the talks, the need to institutionalize the cooperation in the field of defense between the two ministries in a number of spheres was emphasized, especially as part of the program "Partnership for Peace."

The Russian delegation will pay a visit to the military academy, a number of units and facilities of the Macedonian Army and will discuss concrete forms of cooperation with the Macedonian armed forces.

Poland: 'About 1,000' Demonstrate Outside Belarus Consulate

LD1505154096 Warsaw Polskie Radio First Program Network in Polish 1400 GMT 15 May 96

[FBIS Translated Text] About 1,000 people took part in a demonstration that has just ended outside the Belarus Consulate in Bialystok [eastern Poland] against the arrest of the Solidarity leader [Marian Krzaklewski] by the Belarus militia and the violation of human rights in Belarus. The demonstrators marched from the Bialystok regional Solidarity headquarters to the Belarus Consulate in the town.

Solidarity leader Krzaklewski, who was arrested in Minsk yesterday and deported to Poland, took part in the demonstration. He handed the consul a petition to the Belarus Government against the violation of human rights in Belarus.

Poland: President: Krzaklewski Deportation From Belarus Harmful

LD1505124496 Warsaw Polskie Radio First Program Network in Polish 1200 GMT 15 May 96

[FBIS Translated Text] President Aleksander Kwasniewski has said that yesterday's arrest in Minsk and deportation of Marian Krzaklewski, the head of Solidarity, has had a negative effect on Polish-Belarus relations. The president did not agree with the Solidarity chairman's accusations that his recent visit to Belarus was unsuccesful and strengthened the antidemocratic and anti-Polish tendencies in that country.

[Begin Kwasniewski recording] I think if we were to assess visits that took place from the viewpoint of what happened later, then... [pauses] there is not the slightest point in that here. I fully accept what was said yesterday by the Foreign Ministry representative. I think these are cases that cast a shadow on Poland's relations with Belarus, and I hope that, after all of the circumstances are explained, it will be possible for political activity to resume, so that such things no longer take place. They definitely damage Polish-Belarus relations, there is no doubt about it. This kind of event, as I say, regardless of whether it concerns Marian Krzaklewski or another Polish citizen, damages Polish-Belarus relations. [end recording]

Poland: Press Reaction to Solidarity Arrest in Minsk

WS1505145896

[FBIS Report] On 15 May two major Warsaw vernacular dailies carried commentaries on the 14 May detention of a Solidarity delegation visiting Belarus at the invitation of the Belarus Free Trade Union.

RZECZPOSPOLITA, a centrist daily widely read in government circles, published on page 5 a 400-word commentary by Jan Skorzynski titled "A Journey in Time." "The deportation of the Solidarity leader and his colleagues from Minsk," Skorzynski writes, "is neither the first nor the last example that an authoritarian system is renascent just beyond our eastern border." He goes on to say that "this shows how far Poland has come from such a model of rule, but also how close at hand it is and how easily real communism can be reinstated." "Lukashenka's regime is violating the rights of the citizens and does not want anyone to stand in its way," the commentary continues. "He can use the argument of noninterference in internal affairs, which communist leaders so readily used. Had the West considered their claims just, we would not have had Radio Free Europe or foreign aid for Solidarity, the Berlin Wall would still be in place, and the differences between Minsk and Warsaw would be only slight." Concluding his commentary, Skorzynski writes: "Now that the differences are growing ever larger, we should rather accentuate them instead of covering them up. And we should not take mere appearances as a good token. When Aleksander Kwasniewski visited the Belarusian president a few weeks ago, he was mistaken in thinking he was talking with a democratic leader of an independent state. The union agreement signed with Russia shortly afterwards and the brutal disbandment of the opposition should have set him straight."

ZYCIE WARSZAWY, a daily describing itself as independent, carries a 250-word front-page commentary by Karol W. Malcuzynski entitled "Fracas in Minsk." "All of the political forces in our country should account for the real situation on our eastern border," Malcuzynski writes. "President Lukashenka was elected in democratic elections and has tremendous support in his own country, which wants to form a union with Russia," he points out. "Poland's relations with the East should most of all provide for our state interests," says the author, adding that those interests "are not served by public statements issued by Polish politicians on Belarus territory in support of Lukashenka's opposition, like those recently made by the Confederation for an Independent Poland." Malcuzynski concludes: "Polish ideas of a necessary 'evangelization' of the East are not greeted with enthusiasm. Poland succeeded in reaching an agreement as to our Western policies. State authorities are responsible for foreign policy. It would be good if they could work out a similarly equivocal stance on Poland's Eastern policy. It should be more important than the immediate interests of the particular political groups."

Poland: Belarusian Party Asks President To Help Free Activists

LD1505142896 Warsaw PAP in Polish 1318 GMT 15 May 96

[FBIS Translated Text] Warsaw, 15 May—Zyanon Paznyak, the chairman of the opposition Belarusian People's Front, has sent a letter to Aleksander Kwasniewski, requesting him to propose to Belarus President Alyaksandr Lukashenka that he release the two arrested Belarus opposition activists.

It emerges from a copy of the letter received by PAP today that both prisoners—Vyachaslaw Siwchyk and Yuryy Khadyka—are members of the Belarusian People's Front. They were arrested on 26 April as a result of clashes during the "Way of Chernobyl '96" march. They announced a hunger strike in protest against the illegal arrest and the violation of human rights. "Today their situation is becoming critical," Paznyak writes.

Poland: Thousands Must Leave U.S. After Visa Blunder

LD1605082896 Warsaw Polskie Radio First Program Network in Polish 0600 GMT 16 May 96

[FBIS Translated Text] About 25,000 Poles will have to leave the United States in a rush as a result of a blunder committed by the U.S. authorities when announcing the outcome of a visa lottery dating back to fall 1994. Of the 50,000 people told that their visa application was successful in the draw, it now turns out that only 3,850 were eligible. The rules applied in the United States envision that not quite 4,000 people each year can gain the right to settle in the United States as a result of the visa lottery.

New York lawyer [?Eugene Chmura] told the ZYCIE WARSZAWY daily that this was an action aimed not only at Poles but also at other ethnic groups. This is the result of a climate that is unfavorable to immigrants in the United States, he added. The U.S. office responsible for immigration and naturalization matters is offering a refund of $650, which was paid in accordance with the procedure used to establish the status of those entering the country, to people who have been asked to leave the United States. But they will not get back the $130 they paid for their green card.

Poland: Minister on Disclosure of Agent in Oleksy Case

WS1505133296 Warsaw GAZETA WYBORCZA in Polish 15 May 96 p 3

[Interview with Polish Interior Minister Zbigniew Siemiatkowski by Katarzyna Kesicka and Agnieszka Kublik; place and date not given: "Siemiatkowski: I Did Not Reveal the Agent"]

[FBIS Translated Text] [GAZETA WYBORCZA] Did you authorize Prosecutor Gorzkiewicz to disclose the name of the doubled Russian intelligence officer to Oleksy?

[Siemiatkowski] No, no one approached me on the subject. The prosecutor, however, is sovereign, and the interior minister cannot censor him.

[GAZETA WYBORCZA] Did the prosecutor have the right to disclose that name to Oleksy?

[Siemiatkowski] Prosecutor Gorzkiewicz has his superiors. I am not one of them, fortunately.

[GAZETA WYBORCZA] Yet, as far as intelligence and counterintelligence are concerned, you decide who has access to classified information. If it is illegitimately disclosed, the interior minister should take action because he is legally responsible for state secrets.

[Siemiatkowski] I believe an inspection is being carried out at the prosecutor's office. Supervision is also exercised by the public prosecutor, who will decide whether dropping proceedings in the Oleksy case was warranted.

[GAZETA WYBORCZA] But we are interested in the disclosure of the agent's name, not in the dropped proceedings...

[Siemiatkowski] I understand that the inspection at the prosecutor's office will lead to an explanation of all aspects. I will take the issue up once the inspection is completed.

[GAZETA WYBORCZA] How did Prosecutor Gorzkiewicz learn the name of the Russian intelligence officer doubled by our services?

[Siemiatkowski] I do not know.

[GAZETA WYBORCZA] Did you declassify the name in operational materials submitted to the prosecutor?

[Siemiatkowski] No. He inferred it from the documentation.

[GAZETA WYBORCZA] That means Prosecutor Gorzkiewicz did not learn who the procured Russian agent was from the Office of State Protection [UOP], but deduced it from the documents?

[Siemiatkowski] Yes, he guessed who it was in the course of the proceedings.

[GAZETA WYBORCZA] Is his deduction correct?

[Siemiatkowski] I will not say.

[GAZETA WYBORCZA] Do you know who Prosecutor Gorzkiewicz is thinking about?

[Siemiatkowski] I do not.

[GAZETA WYBORCZA] As interior minister, you are against publishing a white paper with materials disclosing personal sources...

[Siemiatkowski] And I will not allow any names to be published, including this one.

[GAZETA WYBORCZA] Since the prosecutor and Oleksy know it, it is declassified.

[Siemiatkowski] I wish to clearly state that Prosecutor Gorzkiewicz had no right to use the name of the Russian officer, which he knows for procedural reasons. UOP neither disclosed that name to him nor confirmed his assumption.

[GAZETA WYBORCZA] You claim that Prosecutor Gorzkiewicz had no right to use that name in the explanation of his decision. Does that mean he violated the law by doing so?

[Siemiatkowski] I do not wish to pass judgment. The prosecutor asked for my authorization to use the name for procedural purposes and told me what it was...

[GAZETA WYBORCZA] Therefore, you do know that Gorzkiewicz guessed what the name was?

[Siemiatkowski] He told me. I said that for important reasons I did not agree.

[GAZETA WYBORCZA] Inasmuch as Prosecutor Gorzkiewicz did not obtain your approval, did he have a right to include that name in the text of his explanation?

[Siemiatkowski] It should be decided whether he used it for procedural purposes and if he could have disclosed it to witnesses or during confrontations.

[GAZETA WYBORCZA] How could Oleksy have learned the name before Prosecutor Gorzkiewicz revealed it to him?

[Siemiatkowski] I do not know if he knew it. I did not ask him about it.

[GAZETA WYBORCZA] He said so himself in a live interview on Polish Television.

[Siemiatkowski] He certainly did not learn it from me.

[Alongside the above interview, GAZETA WYBORCZA carries a 350-word commentary by Ewa Milewicz under the title "Disservice." The author recalls an interview Prosecutor Gorzkiewicz gave for the PRAWO i ZYCIE weekly, in which "he stated that Prime Minister Oleksy was 'definitely' not a conscious information source for foreign intelligence services, yet clearly suggested that the entire case was a provocation staged by the Russian services." "The reader might guess," Milewicz continues, "that, because the Polish services did not recognize the fact this was a provocation, they are either inept or collaborated with the Russian services. Gorzkiewicz assumed the role of Oleksy's defense lawyer and did not even attempt to analyze the point of view of UOP. He said that the materials collected by UOP were 'trash.'" The commentary goes on to say that "if prosecutors begin to inform those interested who is bringing charges against them, pretty soon no one will agree to testify in espionage or even robbery cases. In this particular case, the life of the witness is in danger." "Regardless of the reasons Gorzkiewicz is so biased and talkative, he is violating the fundamental principle of a prosecutor's code of conduct—the responsibility of being objective. He has been violating this rule at least since the moment the case was dropped, which raises questions about his objectivity in the course of the investigation," the author concludes.

Poland: Daily: Name of Russian Informer on Oleksy Not Secret

WS1505133396 Warsaw TRYBUNA in Polish 15 May 96 pp 1, 3

[Article by "DP" and "DZ": "Jachowicz Plays Dumb"]

[FBIS Translated Text] *Jerzy Jachowicz of GAZETA WYBORCZA wrote that he was unable to elicit from Prosecutor Slawomir Gorzkiewicz information on how Jozef Oleksy knew the name of the "procured Russian intelligence officer, a top secret of Polish intelligence." For this reason he asks Jozef Oleksy the following question: "When did you first hear the name of the Russian intelligence officer who provided incriminating information against you, and who told you about it?"*

Jozef Oleksy does not want to discuss this topic. "I will make no more public statements on this matter, which the Prosecutor's Office has ended by announcing my innocence; the ruling of the Prosecutor's Office is valid."

However, this "top secret of Polish intelligence" proves to be a less important secret. We can say that it is quite possible that this name appeared in the press long before the prosecutor announced that the proceedings in the so-called Oleksy case would be discontinued. Comparison of facts presented by the press points to Grigoriy Yakimishyn. Officially, he was a Russian diplomat; in October 1995 he left Poland. The Russian agent who was procured by the Office of State Protection hated Alganov (which is suggested from the evidence collected); he envied his professional and material successes. This information appeared quite often.

When Alganov, as the first secretary of the embassy, frequented diplomatic parties in Warsaw and maintained contacts with luminaries of the Polish political scene, Yakimishyn was an employee of the consulate in Gdansk. It is almost obvious that, even for these reasons, he did not have that many possibilities of obtaining intelligence information; as a consequence, the profits that went along with this were significantly smaller than in the case of Alganov. Now, is it not possible that an ambitious intelligence officer (Yakimishyn was certainly such a man) envied his colleague? Another element that points to Yakimishyn is the fact that information on meetings held in Poland with the procured agent refer only to the period when Yakimishyn was in Poland. In none of the numerous interviews General Marian Zacharski has given does he mention a meeting with the procured agent held after that date. Yakimishyn left Poland in October 1995.

What is Yakimishyn doing today? Our correspondent in Moscow has found out that for a short time Yakimishyn has been working in the Polish section of the European Department at the Russian Foreign Affairs Ministry.

However, Polish section head Valerya Polyakova would not confirm this information. In addition, he refused to answer any question concerning Yakimishyn. You would like to know too much, he said.

Despite denials from Polyakov, TRYBUNA has information that says that after returning from Poland Yakimishyn was on leave and then took a job in the Polish section. For a few weeks now, rumors have been circulating that soon he will be sent to the Russian Embassy in Azerbeijan.

Thus, Yakimishyn was not punished for maintaining contacts with the Polish intelligence services; it looks like he will be promoted. One is led to believe, then, that he carried out tasks to misinform the Polish secret services and, as a result, to impede Poland's integration with NATO.

Mr. Jachowicz is only pretending to be naive. Both he and his paper may be the best informed on this issue.

Thus, either Mr. Jachowicz is not reading his own paper, or he is simply playing dumb. His question is not a typical investigative question; it has a clear political undertone.

On 17 January of this year—that is, two days before the Chief Military Prosecutor's Office passed the files concerning the issue to the Prosecutor's Office of the Warsaw Military District—GAZETA WYBORCZA wrote the following in an article entitled "Olin, Minim, Kat, and Others": "In July 1992, Alganov stopped supervising Olin; he was replaced by Colonel Grigoriy Yakimishyn, an employee of the Consulate General of the Soviet Union in Gdansk in the 1980's."

On the following day (18 January), GAZETA WYBORCZA disclosed the contents of the two letters Brigadier General Ryszard Michalowski, chief military prosecutor, sent to the internal affairs minister; the newspaper entitled this text "Letters Lead to the Core." Even though GAZETA WYBORCZA removed the name of the agent from the letters, it added the following remark: "Michalowski demands evidence confirming cooperation between Oleksy and Yakimishyn." It is difficult to believe that Mr. Jachowicz, who has been handling the so-called Oleksy case all along, did not read this text.

On 25 January, the day Jozef Oleksy resigned, GAZETA WYBORCZA carried a very long article in which it quoted part of a letter by Gen. Michalowski to the internal affairs minister, in which he requests evidence confirming "that in 1992 Yakimishyn maintained further contacts with Oleksy and that he cooperated with him."

In the preceding paragraph, GAZETA WYBORCZA quotes—as official news—an excerpt of POLITYKA's interview with former Internal Affairs Minister Andrzej Milczanowski: "In July 1992, Prime Minister Oleksy began maintaining secret contacts with a Russian diplomat who had recently arrived. He held the office of the first secretary at the embassy; in addition, he was a cadre employee of [Russian] intelligence and took over contacts with some of the agents in the network left behind by Alganov."

Poland: Opposition, UOP Head Criticize Oleksy Prosecutor

WS1505142796 Warsaw RZECZPOSPOLITA in Polish 15 May 96 p 2

[Article by K.O., M.D.Z., and A.O.: "The MSW, UOP, and the Opposition Criticize Prosecutor Gorzkiewicz"]

[FBIS Translated Excerpt] *The fact that Prosecutor Slawomir Gorzkiewicz revealed the name of the procured Russian agent to Jozef Oleksy caused protests among opposition politicians. The prosecutor was also criticized by Internal Affairs Minister Zbigniew Siemiatkowski and Colonel Andrzej Kapkowski, acting head of the Office of State Protection [UOP].*

"Gorzkiewicz violated the law by revealing secret facts related to the investigation and by presenting the full text of the reasons for his decision [to discontinue the investigation] to a noninvolved person—that is, to Jozef Oleksy," Bogdan Borusewicz, deputy chairman of the Extraordinary Commission for Supervising the Secret Services, stated yesterday [14 May] in Poznan. Borusewicz maintained the opinion that Gorzkiewicz should not have made public certain facts and data related to the investigation because this went against both the state's interests and the interests of Polish intelligence.

The Commission chairman was all the more surprised by the fact that the full text was made available to Oleksy because the parliament members were not allowed to read this document; in their work, they only used the text that appeared in the media. [Extraordinary Commission member] Ryszard Bugaj told Radio Zet that the Extraordinary Commission would ask Prosecutor Gorzkiewicz why he had disclosed the name of the procured agent to Oleksy. "It was a bizarre decision," he said. [passage omitted]

Col. Kapkowski, acting head of UOP, said in an interview for the Third Radio Program that it was "ill-considered" of Prosecutor Slawomir Gorzkiewicz to disclose the name of the agent recruited by UOP. "This goes against the fundamental principle according to which these services operate; in addition, this may also cause very serious consequences for the functioning of UOP. I believe that the Office should not have done this," he said. In today's interview for GAZETA WYBORCZA, [Interior] Minister Siemiatkowski said that "Gorzkiewicz was not entitled to use the name of the Russian officer." He admitted that he had not declassified the name, which means that it was a state secret.

Poland: President Rejects 'Jewish Lobby' Claims

LD1505232096 Warsaw PAP in Polish 1349 GMT 15 May 96

[FBIS Translated Text] Warsaw, 15 May (PAP)—It is known that President Aleksander Kwasniewski has given a reply to the recent letter sent to him by Edward Moskal, chairman of the Polish-American Congress, in which he criticized the Polish authorities for being too submissive toward the Jewish "lobby." The president said, among other things, that it is important to avoid "extremes and highly emotional assessments" when approaching Polish-Jewish relations.

Moskal also criticized a letter from Polish Foreign Minister Dariusz Rosati, sent to the World Jewish Congress, which was holding a session in Jerusalem, in which he apologized for the Kielce pogrom.

Here is the full text of the president's reply to the letter from chairman Moskal conveyed to PAP on Wednesday by the president's press office:

Dear Mr Chairman:

Thank you for your letter. I wish to assure you, and through your offices also the whole Polish American community, which we in Poland hold in great respect, that the authorities of the Polish Republic approach the matter of Polish-Jewish relations with appropriate seriousness and great responsibility. The actions of the Polish authorities take into account the historical complexity of this whole subject. We are guided by concern that we should satisfy the requirements of truth and justice.

Polish-Jewish relations should be free from all prejudices and be purged of harmful stereotypes. When approaching these matters, it is important to avoid extremes and highly emotional assessments. I am convinced that both sides of the Polish-Jewish dialogue should strive to achieve this.

In your letter you touch on several particular matters, and you see them as being an illustration of a more general phenomenon. Things should be assessed on the basis of facts and specifics. It is precisely a stance like this that is close to my own heart. So I would like to give my view on the specific matters you write about. I think this will help you and Polish Americans to gain a better understanding of those matters that, from a distance, might appear unclear. I realize that, from the perspective of the other hemisphere, it is not always possible to gain a detailed grasp of matters such as Polish legal realities, the procedures governing the activities and the rights of individual authorities, or the division of power between local administrative bodies and government officials working locally. Therefore, this is how the facts present themselves:

1. The matter of the construction of the shopping mall in the direct vicinity of the Oswiecim [Auschwitz] camp and martyrdom museum was the subject of a thorough investigation by a special commission appointed by the minister of culture and arts. It was clearly established as a result of this work that there were intrinsic violations of the law regarding administrative procedures, which resulted in the municipal office in Oswiecim issuing a building permit. The law must be observed. The appropriate state authorities, therefore, adopted a decision to halt the building work once and for all.

But it stands to reason that it is not simply the letter of the law that determines how we should behave in this matter. We have to listen to the voice of our humanity. We remember the tragedy that was played out in Oswiecim, and we are still aware of what this place represents. It is not only a museum; it is, above all, a place of martyrdom and of the extermination of millions of people, particularly Jews. This is a huge burial site. We Poles, who have been through so much throughout history, have always had the greatest respect for places marking the martyrology of nations and have known how to respect the dignity of death. We feel we are the guardians and trustees of the Oswiecim place of remembrance and its tragic finale.

It is true that each year a whole multitude of people come to this place, and, therefore, various organizational, commercial, and service steps have to be taken for their benefit. But this has to be reconciled with the particular nature of the museum in Oswiecim, a place of remembrance listed as part of UNESCO's worldwide heritage. To settle these matters once and for all, the Polish authorities have embarked on drawing up laws that will introduce full legal and organizational order. We are doing this mindful of our tragic history and guided by feelings stemming from our humanity. We expect that identical rules will be made to apply to places where Poles suffered and to Polish cemeteries scattered throughout so many parts of the world.

2. The bill "on the relationship of the state toward Jewish religious communities in the Polish Republic" refers to religious communities that form the Union of Jewish Religious Communities and that encompass 2,000 Polish citizens of the Jewish faith. The present legal status of this union stems from a decision by the minister-head of the Office of the Council of Ministers dated January 1990 to enter the union in the register of churches and other religious unions. The aforementioned bill, on which work is in progress in the Polish parliament, is similar to other previously passed bills governing the relationship of the state toward individual churches such as the Roman Catholic Church, the Polish Autocephalous Orthodox Church, and the Evangelical-Augsburg Church.

I do not know from where you obtained reports about the "uniqueness" of these legal solutions or about a special legislative procedure. There is no question of anything like this. This bill grants legal status to Jewish religious communities and states that they are self-governing and that they apply the internal law laid down by their religious authorities to matters that concern them. The bill contains rules pertaining to the organization and carrying out of public worship, religious education, to the running of charity centers and centers providing education, upbringing, and health care, and to the provision of access to the mass media and to pastoral care in the Army.

It also defines how matters pertaining to the assets of these Jewish parishes are to be regulated along the lines of previous bills on the relationship between the state and individual churches. The assets to which Jewish parishes will have their rights restored cover synagogues and other places of worship that have not been destroyed as well as former burial houses, Jewish schools, nurseries, old people's homes, hospitals, and Jewish cemeteries that are still recognizable as burial sites.

Thus, the bill in question does not refer to private individuals who might claim the right to recover assets nationalized after 1945. As the constitution states, the Polish Republic is a democratic law-governed state and treats in the same way all of its citizens and religious communities that are active on its territory.

3. On 22 January 1996, the foreign minister of the Polish Republic sent a solemn message to the World Jewish Congress devoted to Polish-Jewish relations over the centuries, in the present day, and in the context of the challenges of the future. He expressed in it his deepest regrets about the tragedy that took place in Kielce 50 years ago. This was a tragedy for those who were killed in the pogrom and for their families and at the same time a tragedy for the Jewish nation. It was all the more painful in that it happened shortly after the Holocaust that swallowed up millions of victims, carried out by German Nazis on Polish soil.

"The new democratic Poland deeply regrets and mourns any injustice suffered by the Jewish nation," Minister Dariusz Rosati wrote, adding that we were ashamed that this tragedy happened in Poland, in the same country in which the Nazis built their death camps. "We want to ask your forgiveness"; this is the clear conclusion dictated by human conscience of this message to the World Jewish Congress. Nation should speak unto nation in just such a language of seriousness and deepest respect for suffering, in the language of reconciliation. We want the dialogue between Poles and Jews to be, first and foremost, a dialogue that is profoundly human.

The matter of historical and legal research intended to determine exactly all of the circumstances surrounding the tragic events in Kielce is something different. The approaching 50th anniversary of the Kielce pogrom will be an occasion not only to recall all of its historical circumstances and aspects but also to bolster the successful future of Polish-Jewish relations.

4. As regards the activities of Rabbi Weiss, there is no reason we have to deal with them here. I think that

all actions of a public nature both by Polish citizens and foreigners should conform to the legal order of the Polish Republic, and this principle will be observed without exception.

Dear Mr. Chairman, the Polish nation, which is proud of its history but which is also aware of the intricate nature of our history, wishes to live in friendship with other nations. To match the challenges of the present day, Polish society should be an open society, and it is becoming one. Therefore, there should be no room in it for harmful stereotypes, xenophobia, and religious, racist, or ethnic prejudice. We are providing proof of just such an open attitude in relations with our neighbors, by overcoming the past and building a future replete with reconciliation and cooperation. This is what is happening in our relations with Germany, Ukraine, Lithuania, and Russia.

This is how we picture our relations with the Jewish nation—both with the State of Israel and with the world Jewish diaspora. A lot of good has already been done in the interest of reconciliation, mutual understanding, of discovering a joint and often impressive past, and of establishing increasingly intimate and friendly contacts. Playing a particular part in this are meetings between young people, which are becoming more frequent and numerous and which introduce our nations to the reality of the new century. We note this with great satisfaction because we are pleased with everything that strengthens friendly cooperation in relations between people and nations and contributes to the bolstering of Poland's international status.

At the same time, we want the American Poles you represent and other countrymen of ours scattered throughout the world to know that the authorities of the Polish Republic will resolutely oppose any internal manifestations of malice, of ignoring the historical truth and undermining Poland's good name. On the one hand, we have openness advanced as far as is possible, tolerance and respect for differences, and, on the other, we stand resolutely on guard for Polish interests and the raison d'etat. The authorities of the Polish Republic see it as their duty and responsibility to all Poles to square up these two obligations.

Dear Mr. Chairman, I believe that my reply to your letter will help to remove any doubts and uncertainties in these complicated matters. I thank Polish Americans yet again for their involvement and concern for matters relating to their mother country, for the good name of Poland, and for properly safeguarding Polish interests, which also found expression in your letter to me. I hope that this exchange of views, which has become publicly known thanks to your letter, will help to calm emotions and eliminate prejudices.

At this important juncture, a lot depends on the stance of the Polish American community, and particularly on its influential opinion-forming circles.

I wish to assure you that, for my part, I will strive to ensure that Polish matters proceed along a successful path. I remain confident that our efforts will be supported by the patriotic, selfless, and judicious activities of our fellow countrymen across the sea, in the same way it has been throughout history. I wish to take this opportunity to express gratitude to Polish Americans for all of their former and present services and their efforts designed to help the old fatherland. In today's times, concern for the good name of Poland requires from us all exceptionally rational actions, devoid of emotions and prejudices, which, even if they stem from good intentions, might sometimes incline us to formulate precipitate and inappropriate assessments. I believe this will be possible.

Poland: Daily Names More of Prime Minister's Advisers

WS1605070996 Warsaw RZECZPOSPOLITA in Polish 15 May 96 p 2

[Article by Ma.S.: "Names of the Prime Minister's Advisers Known; Even Mayors Succumbed to the Temptation"]

[FBIS Translated Text] *The team of advisers and consultants for Prime Minister Wlodzimierz Cimoszewicz has already been set up. More names have been added to the list of the 23 names we published over two weeks ago. According to Andrzej Barcikowski, head of the prime minister's advisory team, this body, made up of people who are experts in various fields and who have various political views, will become a group of direct advisers to the prime minister. He also believes that the team makes it easier for the prime minister to look at the state not only from the point of view of ministries, but also from other perspectives.*

The "new" members of the advisory team are the following:

—Wojciech Szczesny Kaczmarek, mayor of Poznan and chairman of the Union of Polish Towns and Cities.

—Andrzej Rynski, mayor of Olsztyn.

—Andrzej Micewski, independent deputy, former adviser to many public figures.

—Janusz Czapinski, psychologist.

—Witold Zatonski, public health expert.

—Miroslawa Marody, sociologist (she gave only preliminary consent).

—Krzysztof Pawlak, manager, director of the Pollena-Ewa company in Lodz.

—Boguslaw Madera, director of the Zelmer company.

—Wojciech Jozwiak, economist dealing with agricultural issues.

—Jacek Wodz, expert on Silesian problems.

—Pawel Czechowicz, agricultural law professor dealing with European integration, among other things.

According to the head of the advisory team, Wlodzimierz Cimoszewicz is also going to take advantage of analyses and reports prepared by agencies of liberal orientation. He means primarily the Institute of Research on the Market Economy and the Socioeconomic Analyses Center. The former institution is linked to the Gdansk liberals, activists of the former Liberal-Democratic Congress; it is headed by Jan Szomburg.

The latter center employs such people as Freedom Union Chairman Leszek Balcerowicz and his wife Ewa.

Members of the advisory team are to have the status of social consultants; however, they will be paid on generally accepted principles for preparing reports.

Andrzej Barcikowski assesses that so far he has cooperated best with those advisers who do not want to make their names public. There are six incognito advisers in all. Most of them are linked to opposition groups.

Poland: Krzysztof Wegrzyn Appointed Deputy Defense Minister

WS1505133696 Warsaw POLSKA ZBROJNA in Polish 15 May 96 p 1

[Report by "R.Ch.": "Krzysztof Wegrzyn—New Deputy Defense Minister"]

[FBIS Translated Text] As POLSKA ZBROJNA has learned from Krzysztof Pomes, head of the Governmental Information Center, at the motion of Defense Minister Stanislaw Dobrzanski, Prime Minister Cimoszewicz appointed M.Sc. Krzysztof Wegrzyn, hitherto director of the Gamrat Plastic plant in Jaslo, to the post of deputy defense minister for military equipment and infrastructure.

As director of the Gamrat plant, Wegrzyn gave an interview for POLSKA ZBROJNA (No. 87, 7 May), in which he declared himself to be an advocate of searching for additional sources of financing for the arms industry, including profitable exports. He claims that the arms industry has to be restructured, production for civilian purposes increased, and a new system of financing scientific research developed.

The editorial staff of POLSKA ZBROJNA extends its heartfelt congratulations!

Poland: ZChN Favors Formation of Bloc With Solidarity

WS1505142696 Warsaw RZECZPOSPOLITA in Polish 15 May 96 p 2

[Article by M.D.Z.: "Marian Pilka: Solidarity Should Be the Uniting Force of a Right-Wing Bloc"]

[FBIS Translated Text] *Christian-National Union [ZChN] Chairman Marian Pilka said at a news conference yesterday that he is in favor of forming one large anticommunist bloc before the elections; its "uniting force" would be Solidarity and its leader Marian Krzaklewski.*

Here are some of the ideas the ZChN would like to contribute to such a bloc: defending Poland's Catholic identity and supremacy of Polish interests in foreign policy; waging an intensified fight against crime; implementing family-oriented policies and decommunization. "Activists of the former Polish United Workers Party [PZPR] should not hold high state offices today, such as the office of a minister, a Sejm deputy, or a senator. It is necessary to unequivocally condemn the PZPR because we believe it was part of the national treason group," Marian Pilka said.

Already today, the ZChN will demand that the Polish authorities protest the new administrative division in Lithuania and the establishment of a "greater Vilnius." "This means further limiting the rights of the Polish minority in Lithuania," explained Pilka, who believes that Poland should condition its consent to admitting Lithuania to the Central European Free Trade Association on settling this issue favorably for Poles.

Poland: Restructuring Program for Coal-Mining Industry

WS1505093496 Warsaw GAZETA WYBORCZA in Polish 14 May 96 p 20

[Report by Barbara Warpechowska and Marek Dreszer: "Markowski's Program"]

[FBIS Translated Text] Poland has too many coal mines and coal miners, as well as too much coal. It is quite easy to liquidate coal mines and decrease coal production, but reducing employment is a much more difficult task.

According to Industry Deputy Minister Jerzy Markowski, author of the latest program of reform in the coal-mining industry, its employment must be reduced by about 80,000 people until 2000. As of March, the coal-mining sphere employed 263,388 people.

Minister Markowski gives assurances that there will be no mass layoffs. He also plans that:

—Almost 52,000 employees will be pensioned.

—12,000 will take advantage of the so-called social protection measures specifying that coal miners who are to leave their jobs will obtain at least 55 percent of their wages over the period of two to three years.

—14,000 will be transferred to firms that will be created on the basis of designated portions of mines.

Markowski also expects that 2,000 workers, who will give up their jobs on their own, will take advantage of preferential credits to launch their own [business] activity.

How To Close Down?

Forecasts of the Polish Academy of Sciences and provisions of Poland's power-engineering policy emphasize the role of hard coal in our economy over the next decades. These opinions have been confirmed by World Bank expert studies.

The program provides that hard-coal production will decrease from 135 million tonnes in 1995 to 120 million tonnes in 2000.

There are 69 coal mines in operation now. Eight mines will be completely liquidated until 2000: Barbara-Chorzow, Siemianowice, Pstrowski, Paryz, Sosnowiec, Jowisz, Saturn, and Walbrzyskie Kopalnie Wegla Kamiennego [Walbrzych Hard-Coal Mines]. Merging weaker coal mines with better ones will be continued (actually, the point is in liquidating the former). Besides the six mines merged over the past two years—Centrum with Szombierki, Polska with Nowy Wirek, Pokoj with Wawel, Jastrzebie with Moszczenica, Chwalowice with Rymer, 1 Maja with Marcel—the same future awaits three more mines (Katowice with Kleofas, Niwka-Modrzejow with Jan Kanty, Miechowice with Bobrek). Most of the remaining mines will stop operating at some of their extraction levels and areas.

How Much Money From the Budget?

The liabilities of the coal-mining industry in March amounted to 8.3 billion zlotys [Z] (social security dues, taxes, bank credits, dealers). The mines were to receive Z3.4 billion from buyers. Thus, the deficit is Z4.9 billion.

It is necessary to spend Z5.2 billion from the budget until 2000 to restructure the coal industry. This injection should improve the economic effectiveness of the coal industry by 1998. However, according to Minister Markowski, this does not imply that the industry will become profitable.

Furthermore, the program provides that as early as this year the coal sale price in Poland will exceed the production cost. However, we will have to continue subsidizing exports—Z31.37 for every tonne of coal.

There is a conflict of interest between the power-engineering and coal-mining industries. The miners want to increase the coal price according to the inflation rate. The power-engineering industry—referring to agreements—accepts an increase resulting from the dollar exchange rate. This increase is smaller than the inflation rate. Markowski believes that this controversy should not be resolved by miners and power-engineering workers. It should be resolved by those creating the country's economic strategy. He supports the idea of increasing the hard coal price according to the inflation rate. "The coal industry's tragic situation resulted from, among other reasons, disregarding this fact for many years," Markowski asserts.

Productivity, Apartments, and Environment

Restructuring mines, separating the so-called infrastructure [zaplecze] from them, and privatizing two mines (Bogdanka and Budryk) will be tackled by the State Agency for Restructuring the Hard-Coal Industry.

After five years of reform, productivity is to increase from 500 tonnes of coal per worker annually to 610 tonnes. This goal will be achieved due to the implementation of new, more effective coal-extraction technologies.

There is also a search for possibilities to get rid of the burden of 160,000 apartments owned by the coal-mining sector. Their maintenance considerably affects the financial results. Taking away such great assets would cause an extraordinary loss, equal in value to the assets of the coal companies. According to the Trade Code, in such a case they must be declared bankrupt. Therefore, the Ministry of Industry has announced that it will subsidize the coal companies with over Z1 billion.

Before the new restructuring operation in the coal-mining industry starts, its guidelines must be accepted by the miners. Results will be little if the program is not linked to structural changes in Silesia as a whole. Without repairing the situation in Silesia, which encompasses half of Poland's environmental and health problems, as well as those connected with restructuring the industrial sphere, one cannot dream about renewing the country.

Romania: SRI Chief Denies Involvement in Phone Tapping

AU1505141996 Bucharest Radio Romania Network in Romanian 1300 GMT 15 May 96

[FBIS Translated Text] Today, the Parliamentary Control Commission of the Activity of the Romanian Intelligence Service [SRI] heard Captain Constantin Bucur of the SRI's special unit of transmissions. SRI Director Virgil Magureanu was also heard by the Commission today. At the end of the hearing, the SRI director said that if one can prove that the SRI is involved in the so-called telephone-tapping scandal—triggered last Monday at the news conference of the Greater Romania Party [PRM]—he will resign immediately, since he is the only one who can decide on whether to tap a telephone line and he gave no order for any of the cases presented on Monday.

For the time being, Virgil Magureanu did not comment on the authenticity or origin of the cassettes presented on the occasion, but said that he is perfectly aware of the gravity of the situation and that an inquiry by the Military Prosecutor's Office is currently underway. He added that a decision on this matter will be taken as soon as possible and will be made public.

According to our correspondents, Dan Preda and Costin Grigore, as far as Capt. Constantin Bucur is concerned, the SRI director said that, through his gesture last Monday, Capt. Bucur has placed himself outside the institution and the law.

Romania: Iliescu, Polish President Satisfied With Meeting

LD1505134996 Warsaw PAP in Polish 1156 GMT 15 May 96

[FBIS Translated Excerpt] Bucharest, 15 May—Polish President Aleksander Kwasniewski and Romanian President Ion Iliescu declared today that both countries' aspirations to participate in NATO did not threaten anyone.

"NATO expansion is a global security problem," Kwasniewski said at a joint press conference with Iliescu. [passage omitted]

Both presidents were pleased with the results of the first visit by a Polish head of state to Romania since World War II.

Iliescu, when asked how Romania will react to the fact that Poland will enter NATO first, replied: "We did not talk about the sequence of entry." He gave the assurance that both countries were not competing with one another in their efforts for integration with European structures. Both presidents expressed the desire to increase economic turnover between Poland and Romania to the 1977 level. Trade turnover then amounted to $1 billion; it was only $80 million last year. [passage omitted]

When asked about the repayment of the Romanian debt, Kwasniewski replied that "we note real progress on this issue." The Romanian debts amounts to around 18 million convertible rubles and more than $7 million. [passage omitted]

Federal

FRY: Bank Governor Avramovic Dismissed

LD1505201696 Belgrade TANJUG Domestic Service in Serbo-Croatian 1910 GMT 15 May 96

[FBIS Translated Text] Belgrade, 15 May (TANJUG)—This evening, the Chamber of Republics relieved Yugoslav Bank Governor Dragoslav Avramovic from this post in a public vote.

Twenty-six deputies voted in favor of the dismissal, none against, and there were no abstentions.

The opposition deputies walked out of the assembly before the voting started.

The session was attended by 32 of 40 deputies.

FRY: Bank Council Members Escape Dismissal by Narrow Margin

LD1505200296 Belgrade TANJUG Domestic Service in Serbo-Croatian 1843 GMT 15 May 96

[FBIS Translated Excerpt] Belgrade, 15 May (TANJUG)—After a two-hour debate, this evening, the Federal Assembly Chamber of Citizens relieved Dragoslav Avramovic, governor of the National Bank of Yugoslavia, from his post. [passage omitted]

Thirty-eight deputies voted in favor of dismissing the members of the Council of the National Bank of Yugoslavia, 44 voted against, and four abstained.

The following still remain members of the council: Serbian Finance Minister Dusan Vlatkovic, Montenegrin Deputy Prime Minister Krunislav Vukcevic, Djordje Djukic, Professor at Belgrade's faculty of economy; Petrasin Kasalica, director of the port of Bar; Beobanka general director Zlatan Perucic, and Dragan Tomic, minister coordinator in the Serbian Government. [passage omitted]

FRY: Finance Minister Attacks Ex-Bank Governor Avramovic

LD1505194496 Belgrade TANJUG Domestic Service in Serbo-Croatian 1644 GMT 15 May 96

[FBIS Translated Text] Belgrade, 15 May (Tanjug)—Jovan Zebic, deputy prime minister of the Federal [Yugoslav] Government and minister of finance, spoke of "serious irregularities in the functioning of the National Bank of Yugoslavia [NBJ]" at a session of the Yugoslav Assembly's Chamber of Citizens today.

According to Zebic, the NBJ has not contributed a single dinar to the federal budget in the past two years, although it has an obligation to do so. The law says that all surplus income must be paid into the federal treasury.

"The NBJ has never registered a surplus. The NBJ expenditure has always been equivalent to its revenue," he said.

Responding to objections that the federal administration was "a large apparatus," the minister replied that it employed 8,500 workers, adding that the NBJ and the payment operations service together had about 10,000 employees.

"In the past two years alone 200 people have been given jobs in the NBJ," Zebic said and asked "How much is being paid out for overtime work in the NBJ?"

Rejecting claims that the government had engaged a lawyer in London in connection with a lawsuit involving Slovenia and Croatia, Zebic said that "the governor himself engaged a lawyer," illustrating his statement with a signed agreement and instructions given to the lawyer by the governor.

"The governor is now shifting the responsibility for his actions on us and placing the problem of Slovenia and Croatia above the interests of the FRY under who knows whose pressure," he added.

The lawyer postponed the hearing in connection with the "Slovene deal" in London. The deal concerned $600 million.

"The two [Slovenia and Croatia] reached agreement not to fulfil their obligations towards the third one [Yugoslavia], as regulated by the agreement on responsibility based on solidarity, signed in 1988, whereby all republics, and not just the present FRY, are responsible for the debts of old Yugoslavia, jointly and on the basis of solidarity," he said.

"However, if this agreement were broken, they will not have that obligation any more and we would have to pay all the debts, so things are not as they were interpreted here [in Yugoslavia]," Zebic said.

In the same case in relation to Croatia, the governor "orders" that no objections are to be raised, saying that "it is not in our interest" and that he "wants to have talks with Croatia," the deputy premier added.

"Did they not take enough from us? Did they not cause enough evil? Should we really miss all the deadlines and then pay for the damage?" Zebic asked.

"Who authorized the governor to hold talks with Slovenia and Croatia on the division of gold and foreign currency accounts," the deputy prime minister asked and added that "only when we produce the balance of payments concerning the division of assets can we see who owes what to whom; perhaps they should pay something to us."

In relation to the decision of Avramovic to relieve the deputy governor from office only because he shared the views of the government, Zebic said that the governor had no right to do this and that "he could only submit such a proposal to the Yugoslav National Bank's council which would then reach a decision on it."

"The governor's letter in which he demanded resignation of the prime minister was also an ultimatum. Avramovic said in the letter that, should the prime minister not resign by noon on 11 May, he would make 'everything' public the next day and make an international spectacle. The spectacle has started," Zebic said at the end of his address.

FRY: Avramovic Defends Policies Before Chamber of Citizens

LD1505175396 Belgrade TANJUG Domestic Service in Serbo-Croatian 1347 GMT 15 May 96

[FBIS Translated Text] Belgrade, 15 May (Tanjug)—The governor of the National Bank of Yugoslavia (NBJ), Dragoslav Avramovic, said at the session of the Chamber of Citizens [of the Federal Assembly] today that he was expecting the central issue in the debate to be future economic policy and not the management of the NBJ.

Addressing deputies for the second time in the course of this session, Avramovic rejected the accusation that he had overstepped his jurisdiction and asked why no one had raised this issue at the time of the adoption of Program 1 [Yugoslav Economic Recovery Program 1994], which encompassed everything.

"The ruling party and President Milosevic personally asked me to appear on television and explain the plan. I went like a performing bear from TV station to TV station to explain the Program."

"They also made no comment about overstepping my jurisdiction when they elected me as coordinator of the working groups nor when I proposed Program 2," Avramovic noted.

He recalled that this program was comprehensive, covering compulsory reserves, liberalization of prices, foreign currency exchange rates, imports, and even liquidation of the payment operations service, which was carried out on time and is the reason why, he said, we have a stable exchange rate.

Responding to criticism for not making this public, Avramovic stressed that he never comes out in public so long as he can convince people in private which, he said, was the result of his sense of loyalty.

Avramovic reiterated that he did not agree with the platform of the federal government on talks with international financial organizations and called on the three governments [of Serbia, Montenegro, and Yugoslavia] to display courage and say "that we will remain isolated." But then, he said, you have to "reduce the budget by 50 percent."

Explaining the course of the meeting of the NBJ Council on Monday, Avramovic said that he was shocked by the Council's letter, in which six members called for the dismissal of the governor or the Council.

At this meeting, he said, there was a discussion of tourism and agriculture and organizational changes in the central bank.

I have been criticized for replacing the first deputy governor, the vice governor, and head of international relations at the NBJ, Avramovic said, explaining that they were sacked for obstructing the work of the central bank or, rather, for failure to cooperate with the governor.

The meeting at which the resignations were sought was "held illegally" because it is usually chaired by the governor and I was not there, Avramovic said, adding that it was precisely that council which was "responsible for the catastrophic inflation." Those people underwrote banknotes of 500 million dinars at a time of hyperinflation but none of them offered to resign, Avramovic said.

FRY: Avramovic Calls Proposal for Dismissal 'Illegal'

AU1505130496 Belgrade NASA BORBA in Serbo-Croatian 15 May 96 p 1

[Article by J. Kesic: "The Proposal for My Dismissal Is Illegal"]

[FBIS Translated Text] "The Council of the National Bank of Yugoslavia did not meet the evening before last (Monday) after I had left, and did not propose that I be replaced. That was invented. The Council was meeting while I was there. No one else can preside over it when I am not there." This was stated by Dragoslav Avramovic, governor of the National Bank of Yugoslavia, to NASA BORBA last night after the session of the Federal Assembly.

"We ended the meeting of the Council with a communique on the monetary policy that Dusan Vlatkovic wanted to see issued. After that, after I had gone, they either met again or someone told them to say that they should say that they were the Council, when in fact they are not. Deputy Governor Bozidar Gazivoda was not in a position to preside over the meeting, as he is not a member of the Council," the governor explained.

"The first issue of POLITIKA did not publish any communiques of the Council, which means that this was invented later, during the night, and appeared in the morning issue. They lied again that the Council and the decision of the Council exist. The proposal for my dismissal is illegal. This is yet another big lie. They wanted to do everything quickly. Nothing can be done quickly. I have the official statements on what exactly happened that evening. Therefore, the assembly has nothing to discuss on the basis of the Council's request."

FRY: Economic Council Calls For 'Firm' Monetary Policy

LD1505173696 Belgrade TANJUG in English 1535 GMT 15 May 96

[FBIS Transcribed Text] Belgrade, May 15 (TANJUG)—The Yugoslav Government's Economic Council said on Wednesday that the firm monetary policy, which has secured the stability of the national currency—the dinar—in the past months, should be maintained.

Public sector's income has been reduced in comparison with the GNP, participants said and added that it was necessary to reduce public expenditure and eliminate hidden budget deficits created through the postponement of budget obligations, it was said in a statement released after the session.

Economic activities should increase on the basis of additional, both foreign and domestic capital and considerable growth of exports, the statement said and added that 'the concept of economic and development policy is no excuse for unfavourable export movements.'

It was confirmed that economic development should primarily be based on the export orientation and that the payment balance deficit was necessary to a certain degree, provided that it be fully financed from foreign capital and not from the hard currency reserves.

In order to increase exports, it is necessary to spur on profitable economic projects and to secure the legal security of financial investments, which is a condition for an expected influx of foreign and domestic capital.

It is also necessary to activate structural changes in the Yugoslav economy, including privatization, the statement said.

FRY: Commentary Condemns Regime's Hidden Economic Agenda

AU1605094496 Belgrade NASA BORBA in Serbo-Croatian 14 May 96 p 8

[Commentary by Bojana Jager: "Covering Up Footprints"]

[FBIS Translated Text] According to a statement by the minister-coordinator in the government of Serbia, Dragan Tomic, for Yugoslavia it is not a priority at all right now to be admitted into the IMF, as the Yugoslav economy has been able to do business over the past several years even without its support or that of other foreign financial institutions, so it will be perfectly able to endure a few months more—supposedly until the state terminates its political game with an uncertain ending to the unrecognized state continuity [with the former SFRY]. The statement is as monstrous as all the previous statements made by this country's politicians, on behalf of that same economy and its citizens, that regard the sanctions as a challenge that one can endure, if need be, for a thousand years.

There were once plenty of reserves to enable the state, its economy, and its citizens to endure, but today, after five years of enforced international isolation, there is nothing left. The state-owned and private (but nevertheless state-owned) hard currency reserves have remained under lock and key abroad, the economy has already used up its capital, and the citizens now are selling their last reserves of German marks, again for mere survival, so it is from their pockets that the hard currencies are dripping into the governor's impoverished reserves, instead of from the pockets of exporters. The dilemma of any average household, for which the purchase of new underwear for family members is a major problem, let alone anything more than that, is also the problem of any average company. There is no money for workers' wages, which amount to an average of 200 dinars, let alone for any increase in production or exports, or any investment in the existing facilities, in which not a single screw has been replaced for years.

This is the seamy side of the story about maintaining the dinar's stability, which the ministers and their underlings will break as easily as a child breaks a rattle, simply replacing it, as a hundred times before, with new suffering by the people. Moreover, inflation in a hermetically closed country is sometimes welcomed in order to cover up the wolf's footprints, that is, to conceal the fact that neither the current ministers, the prominent directors, the apt politicians, nor their firms (state-run or neatly mixed) share the fate of the rest of the people, as they are always on the right spot, right there where the attractive jobs, money and privileges are dealt out. Indeed, why would they need the country to open up toward the world, foreign capital, and more work for everybody, new jobs...? From the current perspective each one of them can calmly say: Who cares about a few more lost months or years or perhaps even decades. The people will suffer, not me.

The tragedy is that in such a system, in which parliamentary life is simply a screen for an authoritarian regime, neither individuals nor the majority of citizens have any influence whatsoever on their future. Just as nobody ever asked them whether they wanted war or peace, nobody is asking them now whether they want economic prosperity or state continuity.

Serbia

Serbia: FRG's Kinkel 'Confident' of Successful Visit

AU1605103396 Paris AFP in English 1017 GMT 16 May 96

[FBIS Transcribed Text] Belgrade, May 16 (AFP)—German Foreign Minister Klaus Kinkel arrived here Thursday for talks with the leaders of rump Yugoslavia expected to focus on implementation of the Bosnian peace agreement and Belgrade's cooperation in hunting down war criminals.

Kinkel said he was "confident" that his one-day visit would be a success. It comes after five years of tensions between Belgrade and Bonn, with Serbia accusing Germany of an anti-Serbian bias in the Yugoslav conflicts.

Kinkel was welcomed at the airport by his Yugoslav counterpart Milan Milutinovic and was to meet with Serbian President Slobodan Milosevic later in the day after talks with the Yugoslav foreign minister.

The return of refugees to their homes is also to rank high on the talks' agenda.

Kinkel was also to meet with Serbian opposition leaders, representatives of the Hungarian minority in Serbia's northern Voivodina region and with ethnic Albanians in Kosovo.

Kinkel's predecessor Hans-Dietrich Genscher was the last German foreign minister to visit Belgrade in July 1991, as conflicts between the Serbs and the old Yugoslav federation's other ethnic components began to tear the country apart.

Germany recognized Croatia and Slovenia in December 1991.

Bonn normalized relations with Belgrade last month, along with other European Union countries.

Belgrade newspapers said Thursday Kinkel was likely to tell his hosts that "Serbia's place is in Europe."

But before being able to take its place in the European family of nations, Milosevic would have to hand over indicted Bosnian Serb war criminals Radovan Karadzic and General Ratko Mladic to the UN war crimes tribunal in The Hague, the reports said.

Kinkel was also expected to insist that Serbia authorizes the return of about 120,000 refugees, mostly ethnic Albanians from Kosovo, who have been refused asylum in Germany.

Serbia, in a bid to appease Serbian nationalists, repealed Kosovo's autonomy status in 1989, exacerbating Albanian resentment against Belgrade.

Kosovo's population is 90-percent Albanian.

Serbia: Belgrade Details Opening of UN Tribunal Office

AU1505172896 Paris AFP in English 1720 GMT 15 May 96

[FBIS Transcribed Text] Belgrade, May 15 (AFP)—The Yugoslav government announced details Wednesday of a UN war crimes office to be opened in the capital, according to a statement issued here.

The move comes after pressure from the International Criminal Tribunal for the former Yugoslavia (ICT), including a visit to Belgrade last week by deputy ICT prosecutor Graham Blewitt.

Although the details must still be approved by the ICT and federal Yugoslav authorities, the statement said the office "will be able to receive anyone who wishes to make a declaration relating to war crimes."

It said rump Yugoslavia (Serbia and Montenegro) had already cooperated with the tribunal and it was in the country's interests to see anyone who committed war crimes in the former Yugoslavia punished.

The liaison officer running the office would enjoy diplomatic immunity, the statement added.

Belgrade's slowness in cooperating with the tribunal, including refusing to hand over three army officers accused of war crimes, led ICT President Antonio Cassese last month to call for renewed UN sanctions against Belgrade.

Serbia: Opposition Party Says Prime Minister Influencing Courts

LD1505193996 Belgrade FONET in Serbo-Croatian 1322 GMT 15 May 96

[FBIS Translated Text] Belgrade, 15 May (FONET)—The information center of the Democratic Party today announced that it has learned "from reliable sources in the Serbian Government" that "three days ago a meeting was held in the building of the Serbian Government at which an agreement was reached to file charges immediately against Democratic Party chairman Zoran Djindjic without any further investigative proceedings," in a trial in connection with a Democratic Party advertisement on the sale of wheat, published in the TELEGRAF paper.

The Democratic Party says that the meeting in the Serbian government "was attended by [Serbian] Prime Minister Mirko Marjanovic, the district public prosecutor and the president of the Belgrade District Court."

"This kind of illegal conduct on the part of the prime minister, who issues work orders to the district prosecutor and the district court, confirms doubts harbored by Democratic Party chairman Zoran Djindjic and his lawyers that the judiciary in Serbia is a dead letter in the constitution and that it is at its all time low," the statement says.

Saying that "there is evidence that Prime Minister Mirko Marjanovic is using his position to influence the work of courts in the same way in other cases," the Democratic Party says that no threats of criminal prosecution "will prevent uncovering the true face of the Socialist regime whose main objective is to rob their own people to enrich themselves."

Serbia: Opposition Parties Merge in Alliance

LD1505180196 Belgrade TANJUG Domestic Service in Serbo-Croatian 1121 GMT 14 May 96

[FBIS Translated Text] Belgrade, 14 May (TANJUG)—Ivan Kovacevic, the spokesman of the Serbian Renewal Movement [SPO], today announced to journalists that the Serbian Party of Rights [srpska partija prava, SPP] had joined the SPO.

Speaking at a press conference, he said this was in line with the SPO stand on forming alliances with nonparliamentary parties, in order to "consolidate the position of democratic forces in Serbia."

Kovacevic added that the alliance-forming was an open process and he called on other nonparliamentary parties to join the SPO.

According to SPP president Srbislav Knezevic, the decision of 6,000 SPP members to join the SPO and vote for Depos at the next elections was "reached in the general interest of the nation" and on the basis of the stand "that parties with identical or similar program and political orientation should join the most organized parties among them."

"The SPP believes that this is the only way to make the necessary democratic changes in Serbia," Knezevic said.

Serbia: Seselj Says Inflation Inevitable If Avramovic Ousted

AU1505134796 Belgrade NASA BORBA in Serbo-Croatian 15 May 96 p 2

[Unattributed report: "Inflation Inevitable After Avramovic's Dismissal"]

[FBIS Translated Text] Serbian Radical Party [SRS] Leader Vojislav Seselj said in the FRY Assembly yesterday that inflation would be inevitable once Yugoslav National Bank Governor Dragoslav Avramovic was dismissed.

According to what Seselj said at the news conference, the Radicals "are not sorry to see Avramovic go," but they foresee that his dismissal will have catastrophic economic consequences.

The people will be under immense psychological stress, the dinar's value will decrease, and the Socialists will print a large amount of dinars, so that inflation could reach 500 percent this year, Seselj said.

He said that the SRS does not share the governor's opinion that agreement with the IMF is more important to us than continuity.

We shall starve and suffer if we insist on continuity, but we shall prevail, while without continuity we will be completely crushed, Seselj said.

Serbia: Opposition Parties Merge in Alliance

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"The SPP believes that this is the only way to make the necessary democratic changes in Serbia," Knezevic said.

Serbia: Opposition Leader Charged With Ridiculing Prime Minister

LD1505162296 Belgrade TANJUG Domestic Service in Serbo-Croatian 1219 GMT 15 May 96

[FBIS Translated Text] Belgrade, 14 May (TANJUG)—The District Prosecutor's Office in Belgrade today brought charges against Zoran Djindjic, chairman of the Democratic Party, and Dragoljub Belic, editor in chief of the weekly TELEGRAF.

The statement of the Prosecutor's Office says:

"We are hereby informing you that the District Prosecutor's Office in Belgrade, upon the completion of its investigation, today (14 May 1996) brought charges against Zoran Djindjic, chairman of the Democratic Party, and Dragoljub Belic, editor in chief of the weekly TELEGRAF, because they exposed to public ridicule Mirko Marjanovic, the prime minister, in connection with the discharge of his official duties, in the advertisement published on page 17 of TELEGRAF issue number 88 of 24 January 1996, submitted for publication by Zoran Djindjic and announced on the cover. The announcement was written and published by Dragoljub Belic.

"They thus committed the criminal offense of damaging the reputation of the Republic of Serbia or another republic in the Federal Republic of Yugoslavia under Article 98, paragraph 1, of the Penal Law of the Republic of Serbia."

Serbia: Serbian Official on Situation in Kosovo

96BA0277C Belgrade NASA BORBA in Serbo-Croatian 7 May 96

[Article by D. Petrovic and B. Cani, received via Internet: "Bosko Drobnjak, Secretary for Information of Kosovo and Metohija on Situation in Province and Opening of U.S. Information Center: Albanians Are Not a Subject for Negotiations"]

[FBIS Translated Text] *"Serbia can negotiate with Bulgaria and Albania, but it cannot do so with its own citizens. With them it can only discuss things," says the provincial secretary for information.*

"The latest events in Kosovo have created unrest and have come at the very moment when we here already had a somewhat better situation among our citizens of various nationalities, as well as definite preconditions for dialogue with representatives of the Albanians," says the provincial secretary for information, Bosko Drobnjak, in an interview with NASA BORBA. In his words, this improved atmosphere can also be observed in the everyday communication among citizens, as well as in the fact that increasing numbers of Albanians are turning to legal state institutions to assert their needs and rights, and increasing numbers of them are satisfying their obligations to the state.

"I am talking about the citizens. As far as the Albanian political parties are concerned, the majority of them continue for the most part to hold out for the ideal of an independent Kosovo. Thus, we have one situation as regards the citizens and another situation as regards their political parties," Drobnjak emphasizes.

There is a common position shared by all Serb political factors in Kosmet, Drobnjak says: Kosovo is an internal question of Serbia and Yugoslavia that can be resolved in accordance with the mechanisms of a rule-of-law state. But that means, he adds, that the members of the Albanian national minority must accept "that Serbia is their state, and thus a civic state in which everyone has the same rights."

"As far as minority rights are concerned, the Albanians have them, and they are regulated under the Constitution according to the highest European standards. Part of the Albanian national minority is not taking advantage of these civil rights. I believe that we should sit down as soon as possible and discuss what possible steps must be taken in order for all Albanians to recognize the Serbian state as their own," the provincial secretary notes.

Regarding the opening of the U.S. Information Center, Drobnjak says that the first secretary and press attache of the U.S. Embassy, John Brown, requested, by way of the responsible foreign affairs bodies, a reception with the Kosovo state organs, and talks were held on this question.

"He was received by Mr. Milos Nesovic, the deputy head of Kosovo Okrug, and me. He was interested in properties that could house this information center. This had already been agreed to on the republican, or rather the federal level. We offered him several locations, bearing in mind their conditions—i.e., four to five rooms with a total surface area of around 250 square meters, and Mr. Brown toured these properties," **NASA BORBA**'s interviewee emphasizes, adding that all that remains is for U.S. experts to decide which suits them best.

The following locations were offered: space at "Kosovofilm," space at the "Ibar-Lepenac" company, the building of the former Pristina Hotel, and the old building of the Institute for the Protection of Cultural Monuments. Drobnjak says that if the Americans are not satisfied with what has been offered, there will be new proposals.

"Our position regarding the U.S. Information Center is that we must be cooperative and work with them. This is because we are not deciding whether or not the center will be here—that is being decided on the federal level. If the Americans are right, the opening of this type of center could even help us to curtail the various speculation on the part of the Albanians, because then they can verify what is true and what is not true," says Drobnjak. The Americans are in a hurry to begin work, he says, so that one can expect the center to open soon.

The Serbian state, Drobnjak continues, is absolutely open to talks with the Albanians but under no circumstances to negotiations "because they are not a subject for negotiations."

"Serbia can negotiate with Bulgaria or Albania, but it cannot negotiate with its own citizens. It is possible to discuss with them all questions that do not draw into question its territorial integrity and state sovereignty. We have invited Albanian citizens to participate in talks, but they have not responded. I would also point out the initiative by the independent BORBA to bring together several people from both sides in order to discuss things person to person. You can certainly remember who rejected talks at that time," the secretary for information recalls.

It is true, Drobnjak says, "that even Mr. Rugova is calling for dialogue, but at the same time, in his very next breath, he says that he must pursue the option of an independent Kosovo." Our interviewee wonders what the purpose would then be of talks with a predefined result, adding that in this regard the state and the Albanian side differ.

Discussing in conclusion the role of police in Kosmet, the secretary says that "the MUP [Ministry of Internal Affairs] is doing the same thing that any police force in a civilized country would do under the same circumstances."

"It is clear that even repression is not out of the question in uncovering the perpetrators of criminal acts, because every action provokes a reaction. However, the police are acting lawfully and in accordance with their authorities, and you know that that is not easy, or simple," Bosko Drobnjak concludes.

Kosovo

Kosovo: Rugova Welcomes Opening of U.S. Office in Pristina

AU1605063196 Pristina KOSOVA DAILY REPORT in English 10 May 96

[FBIS Transcribed Text] President of the Republic of Kosova Dr. Ibrahim Rugova welcomed Friday [10 May] U.S. Secretary of State Warren Christopher's decision to have an American officer in Prishtina [Pristina] on a permanent basis, as well as Christopher's support for the peaceful policies of the Kosova leadership, which he voiced during Wednesday's meeting with Albanian Foreign Minister Alfred Serreqi.

Speaking to reporters in Prishtina, President Rugova hailed a recent resolution by the European Democratic Union's (EDU), led by Alois Mock, which supports the nonviolent policies of the people and leadership of Kosova. In addition, he hailed a statement by EU Foreign Relations Commissioner Van Den Broek in which he stressed that the position of both the U.S.A. and EU is that the "outer wall" of sanctions on Serbia will be linked to the settlement of the Kosova issue. Dr. Rugova said he shared Karl Bildt's statement that destabilization of Kosova poses a danger to the region as a whole. President of the Republic of Kosova called Albanian Foreign Minister Alfred Serreqi's trip to Washington "very significant for Albania and Kosova," highlighting also the significance of the visits of foreign diplomats to Kosova and Western press coverage on the recent situation here.

The past week has seen Serbian repressive practices continue unabated in Kosova, Dr. Ibrahim Rugova said, referring to reports of scores of Albanians having been maltreated in Serbian police expeditions in ten municipalities and places in Kosova, in which entire Albanian households were targeted. Tens of families were raided in several Gllogovc [Glogovac] villages, while as many as 150 Serbian policemen were involved in raiding the Beq Beqiri household at Deve village of Gjakova [Djakovica], Dr. Rugova stressed, and went on to say that Albanian activists continue being persecuted. Two Albanians in Prishtina, including a university professor, and an Albanian in Ferizaj [Urosevac] have been evicted from their apartments by the Serbian regime and Serbs have been settled in them instead.

President Rugova recalled the plundering by the Serbian regime of the Ferizaj market place and pressed that Albanian vendors in Prishtina be allowed to resume their work, charging "reasonable taxes."

Given the recent tragic incidents in Kosova and the systematic Serbian repression which continues on a daily basis, President Rugova called the Serbian regime to bring such practices to an end and "cease provoking the Albanians."

Ending his introductory remarks, Dr. Rugova said an increased and preventative international presence in Kosova is needed, reiterating that Kosova's independence is the optimal solution with an interim international civil administration put in place first so as to facilitate a negotiated settlement to the Kosova issue.

In reply to many questions regarding the profile and status of the U.S. office in Prishtina, President Rugova said the important thing is it will start operating soon and recalled that it will be an Information Center, headed by an American officer, which will follow the situation in Kosova closely. "The office will contribute to the settlement of the Kosova issue and stability in the region," Dr. Rugova said, reiterating his call for European countries to open similar offices in Prishtina, too.

President Rugova called "old-fashioned" the idea of a Balkan confederation, as put forward recently by Adem Demaci, chairman of the Council for the Defense of Human Rights and Freedoms (CDHRF). "To put it in a nutshell, our position is: Let everybody live in its own house," Dr. Rugova said, adding that Albanian, Balkan, and European integrations can be pursued then.

The international community, especially the U.S., has been pressurizing the Belgrade regime to start a dialogue on Kosova, president of the Republic of Kosova said. A third party is needed, to assist and guarantee the results of the talks process, Dr. Rugova emphasized, pressing for the start of Albanian-Serbian talks as soon as possible. The prerequisites are, of course, cessation of Serbian repression and provocation of Albanians, he said.

The education issue has been an urgent one, and it should be solve in intermediated talks, too, President Rugova said, noting that it is a vital aspect in the life of Kosova, as in all nations.

The Kosova President welcomed FYROM [The Former Yugoslav Republic of Macedonia] President Kiro Gligorov's statements on the seriousness of the Kosova issue. "The University of Tetovo is a civilizational right of the Albanians living in Macedonia, and I hope President Gligorov and his government will support it," Dr. Rugova said.

Kosovo: Demaci Suggests Confederation With Serbia

AU1005124796 Tirana KOHA JONE in Albanian 10 May 96 p 10

[Article by Vladimir Prela: "Confederation? No, Thank you!"]

[FBIS Translated Text] It appears that this year in Kosova will not be the same as others. At least there will not be the paralysis and blah-blah of recent years. Perhaps there will also not be that humiliating illusion that every visit by Kosovar leaders to the West or the East brings with it a solution to the problem of Kosova. Meanwhile, ordinary Kosovars who have no chance of travelling either at the expense of the three percent [contribution from salaries of Kosovar workers paid to the Republic of Kosovar] or as illegal migrants are suffering beatings, looting, and humiliation at the hands of the local Serbs.

The events that shook Kosova out of its apathy began with bombs and were followed by murders, and have finally resulted in new alternatives, most recently produced by Adem Demaci, the symbol of the resistance of the Albanians of Kosova who is presently chairman of the Council for the Protection of Human Rights and Freedoms in Prishtina. He has come out with an option to unblock the problem of Kosova. According to Demaci, an acceptable solution would be independence for Kosova followed immediately by the start of talks to enter into a confederation with Serbia and Montenegro. Azem Vllasi, a former senior official during the time of the old Yugoslavia, came out with the same idea almost at the same time as "the Albanian Sakharov." He also spoke about three republics, Kosova being the third, but instead of the concept of a confederation, Vllasi saw his country in a federation with Serbia and Montenegro.

According to official sources in Prishtina and Tirana, the first comments in Albanian political circles create the impression that the Albanian political parties, especially the Kosova Democratic League [LDK] responded with anxiety to these alternatives, not hesitating to consider Demaci's idea of Kosova in a confederation with Serbia and Montenegro as ridiculous.

A report by ATA underlines that "the many commentaries provided in the last few days have even called Demaci's idea of a Balkan confederation contradictory." To show the worthlessness of Mr. Demaci's idea, the same agency cites a poll made by the radio Deutsche Welle among 20 Albanians in the streets of Prishtina and in various cafes. According to the agency, it can be noticed that most of them, after expressing gratitude and respect for Demaci's achievement and sacrifice, think that his idea of a Balkan confederation does not coincide with the age-old goal of the Albanians of independence for Kosova and the national unification of the all the Albanians' ethnic territories in the Balkans. Of the 20 people polled, only two supported Demaci's idea of an independent Kosova that would subsequently enter into a Balkan confederation with Serbia, Montenegro, and other countries, ATA reports.

These facts, although not stated officially, nevertheless show that the LDK has seriously considered Demaci's idea. In an interview for Voice of America's Albanian Service, Edita Tahiri, one of the people responsible for the party's foreign policy, ignored the comments that have been made about this idea, and underlined that a policy already exists for Kosova, which, according to her, is also gaining international support. According to Mrs Tahiri, the formula is to establish first of all of an international civilian administration, followed by the declaration of an independent and neutral Kosova, i.e. neither with Serbia nor with Albania.

The world is faced with five options for the Kosova problem. The first is Berisha's option, which consists of leaving the matter in the hands of foreign diplomats and in plain Albanian means a Kosova with extensive autonomy.

The second is Rugova's, which relies on a Utopian vision of a Swiss-style Kosova in which Belgrade and Tirana would share their influence fifty-fifty.

Then come the most recent options, which support the idea of a republic of Kosova within the Yugoslav federation. This is the idea for which the young lads died in 1981.

Finally comes the "alternative" of Serbia, which insists that the Albanians are fine just as they are and that, as soon as other matters are sorted out, there might be talks about improving their situation on a humanitarian level.

All these options rally round either the mediaeval Serbian banner of Kosova as "the cradle of Serbia," and the Albanian stand, according to which it goes without saying that Kosova will be reunited one day with the trunk of mother Albania. It is early to forecast which of these options will win. It is sure that, now that the war in Bosnia is over, the Balkans will indisputable address itself to the Albanian problem. If the path of dialogue is pursued, the results of the next elections in Serbia must be awaited. If Kosova is to follow the fate of Bosnia, one must carefully read the communiques delivered to the editorial offices of newspapers by the Liberation Army.

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